DOCUMENT RESUME

ED 288 923 UD 025 898

TITLE	Work, Education, and Training Opportunities for Welfare Recipients. Hearings before the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means. House of Representatives, Ninety-Ninth Congress, Second Session.
INSTITUTION	Congress of the U.S., Washington, D.C. House Committee on Ways and Means.
PUB DATE	17 Jun 86
NOTE	540p.; Serial 99-91. Many pages contain small print.
AVAILABLE FROM	U.S. Government Printing Office, Washington, DC 20402.
PUB TYPE	Legal/Legislative/Regulatory Materials (090) -- Reports - Descriptive (141)
EDRS PRICE	MF02/PC22 Plus Postage.
DESCRIPTORS	Early Parenthood; *Educational Opportunities; *Employment; *Employment Programs; High Risk Persons; Labor Market; Pregnancy; *Public Policy; Unemployment; *Welfare Recipients; *Welfare Services
IDENTIFIERS	Work Incentive Program

ABSTRACT

This document includes the testimony of 52 witnesses at the subcommittee hearings on work, education, and training opportunities for welfare recipients. Topics covered in the testimony include the following: (1) state differences in welfare services; (2) problems in current welfare policies; (3) programs to address teenage pregnancy and parenting; (4) workfare and other work incentive programs; (5) public and private training programs; and (6) joblessness and unemployment. In addition to the testimony from invited witnesses, seven people submitted written statements for the record. (VM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

WORK, EDUCATION, AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND
UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

MARCH 13, 20; APRIL 22; MAY 22; AND
JUNE 17, 1986

Serial 99-91

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE
62-216 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

COMMITTEE ON WAYS AND MEANS

DAN ROSTENKOWSKI, Illinois, *Chairman*

SAM M. GIBBONS, Florida
J.J. PICKLE, Texas
CHARLES B. RANGEL, New York
FORTNEY H. (PETE) STARK, California
JAMES R. JONES, Oklahoma
ANDY JACOBS, Jr., Indiana
HAROLD FORD, Tennessee
ED JENKINS, Georgia
RICHARD A. GEPHARDT, Missouri
THOMAS J. DOWNEY, New York
CECIL (CEC) HEFTEL, Hawaii
WYCHE FOWLER, Jr., Georgia
FRANK J. GUARINI, New Jersey
MARTY RUSSO, Illinois
DON J. PEASE, Ohio
ROBERT T. MATSUI, California
BERYL ANTHONY, Jr., Arkansas
RONNIE G. FLIPPO, Alabama
BYRON L. DORGAN, North Dakota
BARBARA B. KENNELLY, Connecticut
BRIAN J. DONNELLY, Massachusetts
WILLIAM J. COYNE, Pennsylvania

JOHN J. DUNCAN, Tennessee
BILL ARCHER, Texas
GUY VANDER JAGT, Michigan
PHILIP M. CRANE, Illinois
BILL FRENZEL, Minnesota
RICHARD T. SCHULZE, Pennsylvania
BILL GRADISON, Ohio
W. HENSON MOORE, Louisiana
CARROLL A. CAMPBELL, Jr., South Carolina
WILLIAM M. THOMAS, California
RAYMOND J. McGRATH, New York
HAL DAUB, Nebraska
JUDD GREGG, New Hampshire

Joseph K. Dowley, *Chief Counsel*
M. Kenneth Bowler, *Deputy Chief of Staff*
Robert J. Leonard, *Chief Tax Counsel*
A.L. Singleton, *Minority Chief of Staff*

Subcommittee on Public Assistance and Unemployment Compensation

HAROLD FORD, Tennessee, *Chairman*

FORTNEY H. (PETE) STARK, California
DON J. PEASE, Ohio
ROBERT T. MATSUI, California
BARBARA B. KENNELLY, Connecticut

CARROLL A. CAMPBELL, Jr., South Carolina
BILL FRENZEL, Minnesota
BILL GRADISON, Ohio

CONTENTS

Page
Press releases of March 6, April 11, and May 13, 1986, announcing the hearings 2

WITNESSES

American Federation of Labor and Congress of Industrial Organizations, Department of Occupational Safety, Health, and Social Security, Mary Logan 440
American Federation of State, County and Municipal Employees, AFL-CIO, Nanine Meiklejohn 444
Aslanian, Kevin M., Coalition of California Welfare Rights Organizations 292
Bartlett, Hon. Steve, a Representative in Congress from the State of Texas 160
Blong, Adele M., Center on Social Welfare Policy and Law 272
Center on Social Welfare Policy and Law, Adele M. Blong 272
Child Welfare League of America, Inc., David Liederman 107
Coalition of California Welfare Rights Organizations, Kevin M. Aslanian 292
Congressional Caucus for Women's Issues, Hon. Nancy L. Johnson, a Representative in Congress from the State of Connecticut 149
Daly, Sharon, U.S. Catholic Conference 190
Duncan, Greg J., Survey Research Center, University of Michigan 361
First Bank System Services, Inc., John Landry 425
Garcia, Ray, Department of Public and Social Services, Los Angeles County, National Association of County Human Services Administrators, and National Association of Counties 16
Gejdenson, Hon. Sam, a Representative in Congress from the State of Connecticut 176
Ideal Tape Co., Clement D. Izzi 432
ITT Semiconductors, Donald R. Wrentmore 419
Izzi, Clement D., Ideal Tape Co 432
Jobs Watch, Morton H. Sklar 240
Johnson, Hon. Nancy L., a Representative in Congress from the State of Connecticut, on behalf of the Congressional Caucus for Women's Issues 149
Kondratas, S. Anna, the Heritage Foundation 351
Landry, John, First Bank System Services, Inc 425
Lehman, Hon. Richard H., a Representative in Congress from the State of California 157
Levin, Hon. Sander M., a Representative in Congress from the State of Michigan 178
Liederman, David, Child Welfare League of America, Inc 107
Logan, Mary, Department of Occupational Safety, Health, and Social Security, AFL-CIO 440
Los Angeles County Department of Public and Social Services, Ray Garcia 16
Marchant, Thomas M., III, South Carolina State Legislature, National Conference of State Legislatures 26
Martin, Robert L., U.S. Chamber of Commerce 408
Meiklejohn, Nanine, American Federation of State, County, and Municipal Employees, AFL-CIO 444
National Alliance of Business, Pierce A. Quinlan 397
National Association of Counties, Ray Garcia 16
National Association of County Human Services Administrators, Ray Garcia 16
National Conference of State Legislatures, Thomas M. Marchant III 26
National Council of State Human Service Administrators, Cesar A. Perales 95
National Governors' Association, Alicia Smith 6
New York City Human Resources Administration, Herb Rosenzweig 214
New York State Department of Social Services, Cesar A. Perales 95

Page
O'Meara, Most Rev. Edward T., U.S. Catholic Conference 190
Panetta, Hon. Leon E., a Representative in Congress from the State of California, and chairman, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Committee on Agriculture 132
Perales, Cesar A., New York State Department of Social Services, and National Council of State Human Service Administrators 95
Quinlan, Pierce A., National Alliance of Business 397
Rosenzweig, Herb, New York City Human Resources Administration 214
Sawhill, Isabel V., the Urban Institute 373
Sklar, Morton H., Jobs Watch 240
Smith, Alicia, National Governors' Association 6
Solomon, James L., Jr., South Carolina Department of Social Services 221
South Carolina Department of Social Services, James L. Solomon, Jr 221
South Carolina State Legislature, Thomas M. Marchant III 26
United Charities of Chicago, Betty L. Williams 116
U.S. Catholic Conference, Most Rev. Edward T. O'Meara and Sharon Daly 190
U.S. Chamber of Commerce, Robert L. Martin 408
Williams, Betty L., United Charities of Chicago 116
Wrentmore, Donald R., ITT Semiconductors 419

SUBMISSIONS FOR THE RECORD

Atkins, Hon. Chester G., a Representative in Congress from the State of Massachusetts, letter 459
Kleczka, Hon. Gerald D., a Representative in Congress from the State of Wisconsin, statement 462
Mavroules, Hon. Nicholas, a Representative in Congress from the State of Massachusetts, statement and attachment 463
National Association of Personnel Consultants, Barry R. Niemann, letter and statement 480
National Women's Law Center, Julie M. Randolph and Ellen Vargyas, letter and attachment 484
Shumway, Hon. Norman D., a Representative in Congress from the State of California, statement 534
Stangeland, Hon. Arlan, a Representative in Congress from the State of Minnesota, statement 536

WORK, EDUCATION, AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

THURSDAY, MARCH 13, 1986

House of Representatives,
Committee on Ways and Means,
Subcommittee on Public Assistance
and Unemployment Compensation,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room B-318, Rayburn House Office Building, Hon. Harold Ford (chairman of the subcommittee) presiding.

[The press releases announcing the hearings follow:]

FOR IMMEDIATE RELEASE
THURSDAY, MARCH 6, 1986

PR #14
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE HAROLD FORD (D., TENN.), CHAIRMAN, SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES THE CONTINUATION OF HEARINGS ON WORK, EDUCATION AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS, TO BE HELD ON THURSDAY, MARCH 13, 1986, AND THURSDAY, MARCH 20, 1986

The Honorable Harold Ford (D., Tenn.), Chairman, Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, U.S. House of Representatives, today announced the continuation of hearings on work, education and training opportunities for welfare recipients to be held on Thursday, March 13, 1986, and Thursday, March 20, 1986. The hearings on both days will be held in room B-318 Rayburn House Office Building beginning at 10:00 a.m.

In announcing the hearings, Chairman Ford said, "I believe that both taxpayers and welfare recipients would welcome the development of more work, education and training programs to help welfare recipients become self-sufficient. The Subcommittee is interested in learning about the successes and failures of current and past programs as well as new proposals. If we are serious about breaking the cycle of poverty in which so many families are trapped, we should be ready to make the necessary investment in programs that will help welfare recipients help themselves. The hearings will help us decide where that investment should be made."

The Subcommittee will hear testimony at these hearings only from invited witnesses. The opportunity for other individuals to testify will be provided at future hearings.

WRITTEN STATEMENTS FOR THE RECORD OF THE HEARING

Persons wishing to submit a written statement for the printed record of the hearings should submit at least six (6) copies of their statements by the close of business, Friday, April 4, 1986, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Washington, D.C. 20515. If those filing written statements for the record of the printed hearings wish to have their statements distributed to the press and interested public, they may provide 75 additional copies for this purpose to the Subcommittee office, room B-317 Rayburn House Office Building, before the hearing begins.

******

FOR IMMEDIATE RELEASE
FRIDAY, APRIL 11, 1986

PR #15
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE HAROLD FORD (D., TENN.), CHAIRMAN, SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES THE CONTINUATION OF HEARINGS ON WORK, EDUCATION AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS, TO BE HELD ON TUESDAY, APRIL 22, 1986, AND WEDNESDAY, APRIL 23, 1986

The Honorable Harold Ford (D., Tenn.), Chairman, Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, U.S. House of Representatives, today announced the continuation of hearings on work, education and training opportunities for welfare recipients to be held on Tuesday, April 22, 1986, and Wednesday, April 23, 1986. The hearings on both days will be held in room B-318 Rayburn House Office Building beginning at 2:00 p.m.

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD

Individuals and organizations interested in presenting oral testimony before the Subcommittee must submit their requests to be heard by telephone to Harriett Lawler [(202) 225-3627] no later than noon Friday, April 18, 1986, to be followed by a formal written request to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify those scheduled to appear by telephone as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee [(202) 225-1025].

In order to assure the most productive use of the limited amount of time available to question witnesses, witnesses scheduled to appear before the Subcommittee are required to submit 75 copies of their prepared statement to the Subcommittee office, Room B-317 Rayburn House Office Building, at least 24 hours in advance of their scheduled appearance.

Each statement to be presented to the Subcommittee or any written statement submitted for the record must contain the following information:

1. The name, full address, and capacity in which the witness will appear (as well as a telephone number where the witness or a designated representative may be reached);

2. A list of any clients or person, or any organization for whom the witness appears; and

3. A topical outline or summary of comments and recommendations.

WRITTEN STATEMENT IN LIEU OF PERSONAL APPEARANCE

For those who wish to file a written statement for the printed record of the hearing, six copies are required and may be submitted by the close of business Friday, May 2, 1986, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. An additional supply of statements for the printed record may be furnished for distribution to the press and public if supplied to the Subcommittee office, Room B-317 Rayburn House Office Building, before the hearing begins.

******

FOR IMMEDIATE RELEASE
TUESDAY, MAY 13, 1986

PR #16
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE HAROLD FORD (D., TENN.), CHAIRMAN, SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES THE CONTINUATION OF HEARINGS ON WORK, EDUCATION AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS, TO BE HELD ON THURSDAY, MAY 22, 1986, AND TUESDAY, JUNE 17, 1986

The Honorable Harold Ford (D., Tenn.), Chairman, Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, U.S. House of Representatives, today announced the continuation of hearings on work, education and training opportunities for welfare recipients to be held on Thursday, May 22, 1986, and Tuesday, June 17, 1986. The hearings will be held in room B-318 Rayburn House Office Building. The hearing on Thursday, May 22, 1986, will begin at 10:00 a.m. The hearing on Tuesday, June 17, 1986, will begin at 1:00 p.m.

The Subcommittee will hear testimony at these hearings from invited witnesses only. On Thursday, May 22, 1986, the Subcommittee will take testimony from academics and other researchers who have studied the issue of welfare dependency. On Tuesday, June 17, 1986, the Subcommittee will take testimony from representatives of business and organized labor.

WRITTEN STATEMENTS FOR THE RECORD OF THE HEARING

Persons wishing to submit a written statement for the printed record of the hearings should submit at least six (6) copies of their statements by the close of business, Friday, June 20, 1986, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Washington, D.C. 20515. If those filing written statements for the record of the printed hearings wish to have their statements distributed to the press and interested public, they may provide 75 additional copies for this purpose to the Subcommittee office, room B-317 Rayburn House Office Building, before the hearings begin.

SEE ENCLOSED FORMATTING REQUIREMENTS

******

Chairman **Ford**. The Subcommittee on Public Assistance and Unemployment Compensation will come to order.

This morning we continue our series of hearings on work, education, and training opportunities for welfare recipients. In our last hearing, we heard about three new State work programs and learned the preliminary results of the national evaluation of work programs that is being conducted by the Manpower Demonstration Research Corp.[1] I began that hearing with a sense that we should do more to help welfare recipients complete their education, get training, and find work. I left it with the sense that it could be done if we are willing to make a long-term investment and have reasonable expectations.

To design and implement a comprehensive work, education and training program for AFDC families, we will need the active support and help of our partners: the States, localities, and private organizations who work with these families every day. Our first panel today represents the broad spectrum of State and local elected officials, including the National Governors' Association, the National Conference of State Legislatures, and the National Association of Counties. Our second panel is made up of administrators and practitioners representing the National Council of State Human Service Administrators, the Child Welfare League, and Family Service America.

I know that each of these organizations shares my belief that something must be done to help AFDC families become self-supporting. I look forward to their ideas, advice, and also collecting the information for this subcommittee.

This is one of a series of public hearings that the subcommittee has been conducting and will conduct in the future. We have scheduled for next Thursday a continuation of these public hearings on welfare reform. It is the intent of the committee to continue the work for the next 4 to 5 months, to hear from witnesses all over the country, and those who can give us information to help us draft legislation to reform the welfare system of this Nation.

At this time, the chairman would like to call up the first panel. For the National Governors' Association, Ms. Alicia Smith, staff director for the committee on human resources. The second witness, who is representing the National Conference of State Legislatures, his plane has been delayed and he should be here by 10:30 this morning and wished we would wait until that time. But the other panelist would be the National Association of Counties, Mr. Ray Garcia, who is the chief of governmental relations, Los Angeles County Department of Public and Social Services.

The committee would like to personally welcome the two of you before the committee today, we are looking forward to your input into this welfare reform legislation that the committee has before it today.

Our President has called for a welfare reform study that's being conducted by the Domestic Policy Council. It is the intent of this committee to move for the next 6 months, to help us draw and design some piece of legislation that we feel would be needed to strengthen the welfare system of this Nation.

---

[1] See "President's AFDC Work Proposals and the White House Domestic Policy Council Evaluation of Federal Welfare Programs." Committee on Ways and Means, Subcommittee on Public Assistance and Unemployment Compensation. Hearing, Feb. 27, 1986. Serial 99-67. U.S. Government Printing Office.

Your input today is appreciated, and I want you to know that we appreciate the time that you've taken from your schedule to be with us today. The Chair will recognize you.

Any statement will be made a part of the record. Any overview of a statement and the response to any questions would be appreciated.

At this time, the Chair would recognize Ms. Smith.

STATEMENT OF ALICIA SMITH, STAFF DIRECTOR, COMMITTEE ON HUMAN RESOURCES, NATIONAL GOVERNORS' ASSOCIATION

Ms. Smith. Thank you, Mr. Chairman. I am the staff director of the Human Resources Committee for the National Governors' Association. And I appreciate the opportunity to present to you this morning some of our ideas about providing employment and training opportunities for public assistance recipients. At the outset, we think that any discussion this topic has to address the larger issue of how to reform the welfare system. The Governors made it quite clear at the recent winter meeting that welfare reform is a major issue with them and that they intend to participate in the national debate about how the system might be reformed. We at NGA believe that only a comprehensive review of the system, with input from all those people who have a fiscal and administrative set of responsibilities in the system will move us forward as a nation with a common sense of purpose and direction.

While in my presentation today, I would like to focus on the employment opportunity side of the issue, I would also like to lay out some general concerns with the welfare system as it exists today.

The present welfare system, as you well know, Mr. Chairman, is generally thought to consist of the four income-tested programs: aid to families with dependent children, supplemental security income, food stamps, and Medicaid. AFDC and SSI provide benefits in cash while Medicaid and food stamps provide benefits in kind. These programs have grown dramatically in the most recent years. There has been an expansion both in the number of recipients receiving benefits and in the average benefit per recipient, at least in nominal dollars, with the States bearing an increasingly large share of the costs.

A sizable and growing proportion of the American households are families that consist of a mother and her children. Since 1970, the number of female-headed families has doubled. The number of two-parent families has declined. As a result, by 1981 one out of every five children in the United States lived in a family where the mother was never married or the father was absent because of divorce, separation, or death. An unprecedented number of children today live in single-parent homes, many without adequate or any child support from the absent parent.

Many of these female-headed households in poverty have to rely on welfare for income support. Some recent studies have provided us with insights about welfare dependency. A 1983 study of AFDC families found that although most spells of AFDC are relatively short, most persons enrolled in the program at any point in time are in the midst of spells that last at least 8 years.

In this study, half of the AFDC spells lasted less than 2 years, but a little over 50 percent of the people enrolled at any point in time were in the midst of a long episode of AFDC. Three-fourths of all welfare spells began with the relationship change that created a female-headed family with children, and almost half of these AFDC spells started after a wife became a female family head by the loss of a male head with his earnings due to absence, divorce, separation, or death. Another 30 percent began when a single woman has her first child or is divorced or separated.

In contrast to changes in family composition, changes in earnings are a relatively minor cause of resorting to welfare. The study showed that only 12 percent of the AFDC spells could be traced solely to a drop in family earnings.

Increased earnings are much more significant in ending AFDC than decreased earnings were in starting it. Some 39 percent of the endings occurred this way; 32 percent, when the female head herself earned more money; and 7 percent when another member of the family experienced an increase in earnings.

Despite the targeted intent of these current programs, there are a number of problems that have been cataloged a number of times. First, the existing welfare system is inequitable. It treats people who have similar needs differently.

A one-parent family of three, for instance, living in Mississippi was entitled to $304 a month in AFDC and food stamps, which was only 44 percent of the 1984 poverty threshold. While a similar family living in Alaska was eligible for $911 in combined AFDC and food stamps, which is a 106 percent of the 1984 poverty threshold.

Second, welfare treats people differently who have similar needs but are of different family types. In the 26 States without an AFDC Unemployed Parent Program, a family can only become eligible for AFDC benefits if the father is not present in the family.

Besides discouraging marital stability, the current system discourages work. In some cases, benefits are higher if an individual doesn't work than if he or she takes a job. Moreover, benefits in welfare programs are income conditioned, so that as labor income rises benefits fall, and as a result the reward from work is diminished.

Finally, each of the welfare programs has vastly different operating rules. So, the system will cover some people but not others, it pays varying amounts of benefits to persons with similar needs, and it's very difficult to administer.

To address these flaws in the Nation's welfare system and to attempt to ensure some sense of equity, NGA has a longstanding policy, income security policy, which provides for a basic national income security program, including a minimum benefit level related to the cost of meeting some basic set of needs, with full Federal responsibility for the funding of those benefits, equitable treatment across State lines to assure adequate benefit and service levels, as much as administrative simplicity as possible; maybe most importantly of all, incentives for self-support and for the most efficient delivery of those services, and the emphasis on moving people towards greater self-sufficiency.

This policy continues to be embraced by NGA for that part of the population that cannot work. However, the available research points overwhelmingly to the fact that public welfare recipients of working age can and want to work.

Mr. Chairman, the Governors believe that research. Through a variety of innovative State programs, countless numbers of people have been introduced to purposeful employment.

We believe that a well constructed employment program is the very heart of any effort to reform the welfare system. Really addressing the issues of welfare and employment means building a system that creates ladders on which poor people can truly climb out of poverty.

Let me share with you a contextual framework that we will be using over the next few months as we interact with the President's task forces and hopefully with you as we all seek solutions to the nagging problems of work and welfare. The following set of operating principles will be used by NGA as we debate and analyze specific proposals.

These principles are in part a derivative of the fiscal realities every level of government must face. They are also culled from what States have learned about what works and doesn't work as a result of the experimentation that has been underway in the States under the aegis of WIN and WIN demonstration and the advent of innovative programs like JTPA.

And, by the way, Mr. Chairman, NGA appreciates very much Congress' encouragement to the States to be innovative and experimental and your assistance in allowing us to do that.

The first principle is that the transfer payments themselves must be utilized to provide a base for a comprehensive employment program. A variety of grant division techniques have been demonstrated in WIN, WIN demos, supported work, and the employment opportunities pilot projects.

Beyond these demonstrated uses, let's at least consider the abolishment of welfare as we know it and consider the cashing out of the existing plethora of programs to create a financial base from which basic minimum benefits can be paid to those who cannot work and from which a comprehensive employment opportunity can be provided to those who can and must work.

And I want to add here that I do not use, must in any pejorative sense, but simply to emphasize the importance of a notion of responsibility and contribution which we believe all people have. And also to add here that it is quite possible that even if we were to cash out all existing welfare programs, it wouldn't be enough money to fund adequately the kind of system that we would like to see.

The second principle is that a social contract between the individual and society should be generated with a clear articulation of performance on the part of both parties. There are two fundamental concepts inherent in this idea.

First, a social contract is the embodiment of the notion that responsibility flows in two directions, the individual to strive for self-sufficiency and the society to remove the barriers to that achievement. Only with such a fundamental philosophical underpinning will people move permanently out of the system.

Operationally, we must recognize what we have learned from laws like the Education for All Handicapped Act and the Developmental Disabilities and Bill of Rights Act about the value of service perscriptions and contracts that are tailored to an individual's needs and conditions and circumstances.

Our final principle is that the overall goal of any program must be to promote effective labor market participation. In the past, programs have focused on placement in jobs, often make-work jobs with no reasonable prospect of hope for future advancement and entry into the economic mainstream.

The current employment and training systems, JTPA and the variety of innovative State experiments, have attempted to correct the faults of the past. One key feature of the current program that seems to be working is that they are performance based. Prime sponsors are provided with incentives and rewarded for their performance.

We can move beyond this to greater experimentation with performance contracting.

The performance standard component of JTPA recognizes appropriately the responsibility of the Federal Government to establish the floor for expected outcomes, yet allows the States to adjust and enhance the base by recognizing local labor market conditions.

Instead of the Federal legislation prescribing specific administrative arrangements in any performance contracting component, it must be recognized that local agents are in the best position to make decisions about which vendors, public or private, can deliver the most cost-effective and efficient services. In this same light, any performance payments must be passed through to local administrative agents, as in the JTPA and Child Support Enforcement Programs.

This kind of a mechanism encourages coordination among levels of government and maximizes the use of multiple resources.

This set of principles is not meant to be exhaustive. But they address the main problems as we see them in the current welfare system. We believe that if these principles are considered in proposals to reconfigure the system, the results will transcend the liabilities that plague welfare as we know it today and provide a sense for all of our citizens that they can participate in the American dream of hope. All society will gain from a compassionate and humane investment in our common future.

Mr. Chairman, thank you again for the opportunity to present these ideas to you today.

[The prepared statement follows:]

National Governors' Association

Lamar Alexander
Governor of Tennessee
Chairman

Raymond C. Scheppach
Executive Director

STATEMENT OF

ALICIA SMITH
STAFF DIRECTOR
COMMITTEE ON HUMAN RESOURCES
NATIONAL GOVERNORS' ASSOCIATION

I. Introduction

Good Morning. Mr. Chairman, I am the Staff Director of the Human Resources Committee of the National Governors' Association. I appreciate the opportunity to present to the subcommittee this morning our ideas about providing employment and training opportunities for public assistance recipients. At the outset, we think that any discussion on this topic has to address the larger issue of how to reform the welfare system. The Governors made it quite clear at their winter meeting that welfare reform is a major issue and that they intend to participate in the national debate about how the system might be reformed. We at NGA believe that only a comprehensive review of the nation's welfare system with input from all those who have a fiscal and administrative set of responsibilities in the system will move us forward, as a nation, with a common sense of purpose and direction.

In my presentation today, I would like to focus on the employment opportunity side of the issue. Prior to doing so, however, I will lay out some of our concerns with the welfare system today.

II. The Current Welfare System

The present welfare system is generally thought to consist of four income-tested programs: Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), Food Stamps, and Medicaid. AFDC and SSI provide benefits in cash while food stamps and Medicaid provide benefits in-kind. In 1985, 26.5 million recipients were served on average each month, by these programs. In 1975, $32.8 billion in public funds were spent on these programs. In 1985, this had increased to 87.1 billion. These programs have expanded rapidly since 1975 both in the number of recipients and in the average benefit per recipient in nominal dollars, with the states bearing a large share of the costs.

III. Population At Risk

A sizable and growing proportion of American households are families that consist of a mother and her children. Since 1970, the number of female-headed families has doubled; the number of two-parent families has declined slightly. As a result, by 1981 one out of every five children in the U.S. lived in a family where the mother was never married or the father was absent because of divorce, separation, or death. An unprecedented number of children live in single-parent homes, many without adequate or any child support from the other parent. In 1984, 54 percent of all children under age 18 who were living in female-headed families had incomes below the poverty threshold.

Many of these female-headed households in poverty have to rely upon welfare for income support. Recent data provides us with some insights about welfare dependency. A 1983 study of AFDC families found that although most "spells" of AFDC are relatively short, most persons enrolled in the program at any point in time are in the midst of spells that last at least 8 years. In this study, half of the AFDC spells lasted less than two years, but 50.2 percent of the persons enrolled at any point in time were in the midst of very long episodes of AFDC; such long-term recipients used most of the resources of the program.

About 40 percent of those who ended AFDC spells remained poor after leaving the program. Another 52 percent of those ending their AFDC eligibility because they no longer had an eligible child remained poor in the following year. For those who earned their way off AFDC, about 32 percent were poor in the year after their welfare spell; their poverty reflected the sub-poverty gross income eligibility limits of AFDC in many states. Three-fourths of all spells began with a relationship change that created a female-headed family with children.

Almost half the AFDC spells started after a wife became a female family head (by loss of the male head and his earnings due to absence, divorce, separation, death). Another 30 percent began when a single woman has her first child or is divorced, or separated.

In contrast to changes in family composition, changes in earnings were a relatively minor cause of resorting to welfare. The study showed that only 12 percent of the AFDC spells could be traced solely to a drop in family earnings.

The most common route out of AFDC was by way of a change in family structure. Some 46 percent of endings occurred this way - 32 percent when a female head became a wife and 14 percent when the household no longer contained a child under 18.

Increased earnings were much more significant in ending AFDC than decreased earnings were in starting it. Some 39 percent of endings occurred this way - 32 percent when the female head herself earned more money and 7 percent when another member of the family increased earnings.

IV. Critique of the Current System

Despite the targeted intent of the current programs, they have a number of problems which have been catalogued numerous times. First, the existing welfare system is inequitable. It treats people who have similar needs differently. A one-parent family of three living in Mississippi, was entitled to $304 per month in AFDC and Food Stamps, (44% of the 1984 poverty threshold), while a similar family living in Alaska was eligible for $911 in combined AFDC and Food Stamps (106% of the 1984 poverty threshold). Second, welfare treats people differently who have similar needs but are of different family types. In the 26 states without an APDC-UP program, a family can only become eligible for AFDC benefits if the father is not present in the family.

Besides discouraging marital stability, the current system discourages work. In some cases, benefits are higher if an individual doesn't work than if he/she takes a job. Moreover, benefits in welfare programs are income-conditioned, so that as labor income rises, benefits fall and, as a result, the reward from working is diminished. Finally, each of the welfare programs has different operating rules. Thus, the welfare system covers some people but not others, pays varying amounts of benefits to persons with similar needs and is difficult to administer.

V. NGA Policy

To address these flaws in the nation's welfare system and to ensure principles of equity, the NGA has a long-standing policy position which provides for:

- a comprehensive national income security program including a minimum benefit level related to the cost of meeting some national measure of the basic needs for food, shelter, transportation, clothing and health care;
- full federal financial responsibility for this basic set of benefits;
- equitable treatment across state lines to assure adequate benefit and service levels;
- administrative simplicity and program coordination;
- incentives for self-support and for the most efficient delivery of service;
- greater emphasis on preparing and assisting impoverished adults to move toward self-sufficiency.

This policy continues to be embraced by NGA for that part of the population that cannot work. However, the available research points overwhelmingly to the fact that public welfare recipients of working age can and want to work.

Mr. Chairman, the Governors believe that research. Through a variety of innovative state programs, countless numbers of people have been introduced to purposeful employment. We believe that a well constructed employment program is the very heart of any effort to reform the welfare system. Really addressing the issues of welfare and employment means building a system that creates ladders on which poor families can truly climb out of poverty.

VI. Challenges and Opportunities

Let me share with you a contextual framework that we will be using over the next few months as we interact with the President's Task Forces and hopefully with you as we all seek solutions to the nagging problems of work and welfare. The following set of "operating principles" will be used by NGA as we debate and analyze specific proposals. These principles are in part a derivative of the fiscal realities every level of government must face. They are also culled from what the states have learned about what works and doesn't work as a result of the experimentation that has been underway in the states under the aegis of WIN and WIN demonstrations, the advent of JTPA and other legislative acts.

1. The first principle is that the transfer payments themselves must be utilized to provide the base for a comprehensive employment program. A variety of grant division techniques have been demonstrated in WIN, WIN Demonstrations, Supported Work, and the Employment Opportunities Pilot Projects. Beyond these demonstrated uses let's consider the abolishment of welfare as we know it and consider the cashing out of the existing plethora of programs to create a financial base from which basic minimum benefits can be paid to those who cannot work and from which comprehensive employment opportunities can be provided to those who can and must work.

2. The second principle is that a social contract between the individual and society should be generated with a clear articulation of performance on the part of both parties. There are two fundamental concepts inherent in this idea. First, a social contract is the embodiment of the notion that responsibility flows in two directions -- the individual to strive for self sufficiency and the society to remove the barriers to that achievement. Only with such a fundamental philosophical underpinning will people move permanently out of the system. Operationally, we must recognize what we have learned from laws like the Education for All Handicapped Act and the Developmental Disabilities Assistance and Bill of Rights Act about

the value of service perscriptions and contracts tailored to an individual's needs and circumstances.

3. Our final principle is that the overall goal must be to promote effective labor market participation.

   In the past programs have focused on placement in jobs, often make-work jobs with no reasonable prospect of hope for future advancement and entry in the economic mainstream. The current employment and training system, namely JTPA and a variety of innovative state experiments, has attempted to correct the faults of the past. One key feature of the current programs is that they are performance based. Prime sponsors are provided with incentive and rewarded for their performance. We can move beyond this to greater experimentation with performance contracting.

   The performance standard component of JTPA recognizes, appropriately, the responsibility of the federal government to establish the floor for expected outcomes yet allows the states to adjust and enhance the base by recognizing local labor market conditions.

   Instead of the federal legislation prescribing specific administrative arrangements in any performance contracting component, it must be recognized that local agents are in the best position to make decisions about which vendors, public or private, can deliver the most cost efficient and effective services. In this same light, only performance payments must be passed through to local administrative agents, as in the JTPA and Child Support Enforcement programs. This mechanism enhances coordination among levels of government and maximizes the use of multiple resources.

The above set of principles is not meant to be exhaustive. But they address the main problems, as we see them, in the current welfare system. We believe that if these principles are considered in proposals to reconfigure the system, the results will transcend the liabilities that plague welfare as we know it today, and provide a sense for all our citizens that they can participate in the American dream of hope. All society will gain from a compassionate and humane investment in our common future.

Mr. Chairman, thank you again for the opportunity to present these ideas to you today.

Chairman Ford. Thank you very much, Ms. Smith. At this time, the Chair will recognize Mr. Garcia.

STATEMENT OF RAY GARCIA, CHIEF OF GOVERNMENTAL RELATIONS, DEPARTMENT OF PUBLIC AND SOCIAL SERVICES, LOS ANGELES COUNTY, AND PRESIDENT, NATIONAL ASSOCIATION OF COUNTY HUMAN SERVICES ADMINISTRATORS, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Mr. Garcia. Thank you, Mr. Chairman. I'm Ray Garcia, chief of governmental relations with the Los Angeles County Department of Public Social Services. I'm also president of the National Association of County Human Services Administrators.

On behalf of the National Association of Counties, NACo, we appreciate the opportunity to be here today to share with you our views on welfare employment and training programs.

In the late 1970's, NACo reexamined its platform on welfare reform and adopted a wide range of short- and long-term recommendations, which we will submit for the record today.

Essentially, however, NACo supports work security programs for welfare recipients who are able to work. Recognizing, however, that economic conditions and resources vary dramatically among rural, suburban and urban counties, NACo does not support a single, mandated welfare work program with specific placement quotas.

County officials believe that most welfare recipients who are able to work would prefer a job rather than welfare. The focus of any work program should be on permanent jobs in the private sector at wages which will enable dependent families to become independent. NACo supports comprehensive work programs that incorporate job search, job search assistance, education, training, skills assessments and supportive services such as child care and transportation. We firmly believe that the Federal Government ought to be a full partner with the States and counties in these efforts. This includes a commitment for program funding as well as creating appropriate Federal incentives for job development and child care development. Because of variations in demography, local resources and labor market needs, States and county governments must have the flexibility to design comprehensive work programs that are responsive to their local needs.

The recently enacted California GAIN Program is an example of the kind of work, education, and training program which NACo supports.

From the perspective of the County Human Services Administrators, I wish to share with you some important considerations.

At the onset, it may be helpful for you to know some of the characteristics of our current welfare population. AFDC, our largest income maintenance program, is the primary focus of welfare work programs. In the county of Los Angeles alone, we are aiding about 200,0000 families on AFDC. In over 90 percent of these families, the natural father is absent and is not contributing to the support of his children. Our typical AFDC family is comprised of a single unemployed mother, age 29, divorced or deserted, with two children, at least one of whom is under the age of seven. The family receives no child support or other income and depends solely on a monthly AFDC payment plus food stamps and Medicaid.

We are firmly convinced that the key to reducing welfare dependency lies in the availability and accessibility of jobs for needy persons who can work. Creating education, training, and employment opportunities for those persons who have been locked out of the job market needs to be addressed. Jobs for welfare recipients should come primarily from the private sector rather than relying on temporary public service jobs.

To achieve these goals, a comprehensive welfare employment program should be developed, which incorporates all of the available Federal work options. Further, there should be sufficient flexibility to permit States and counties to tailor employment-related activities to the needs of their recipient population and community resources.

JOB DEVELOPMENT

The success of any welfare work program with a focus on private sector employment, is wholly dependent upon the availability of jobs, jobs which will neither displace the existing workforce nor violate labor/management agreements.

In general, we see the problem as not only with the quantity of job openings, but also the ability of welfare recipients to compete for existing opportunities. By and large, private sector work opportunities are being filled by a second wage earner in a family, spouses and adult children. Simply stated, the bulk of new jobs are going to families who already have an employed member. What is needed is to dedicate a certain percentage of work openings for families that currently have no wage earner. Under the GAIN Program, counties in California are expected to coordinate with the private industry councils, to increase employment and training opportunities for welfare recipients, especially those who are job ready, or have received employment services. We also expect to market the availability of the Targeted Jobs Tax Credit Program.

EDUCATION AND TRAINING

Education and training are key factors for a successful work program. In large part, we are dealing with young mothers who have not had a meaningful prior connection to the labor market, and who need the education and job training skills necessary to compete for work opportunities. These components will maximize their chances for permanent employment and minimize welfare recidivism.

Under the GAIN Program, California counties will link recipients in need of remedial education, or English language training to the appropriate schools. In addition, various education and training options will be available for GAIN participants, in order to meet employment goals. These will include adult education, community colleges and vocational training components.

SUPPORTIVE SERVICES

The major impediment to work for most welfare recipients is adequate child care. As single parents with school age children, enter full time employment, the need for before and after school care will intensify.

Aside from cost, the availability of quality care is a central issue. We need to encourage the development of alternative resources, so that parents may select the child care option best suited to their needs. To become productive and reliable employees, working parents need the assurance that their child care arrangement is safe and dependable.

Aside from child care, a key barrier to employment is transportation. This is a significant problem in urban areas, due to the lack of mass transit systems, and the geographic dispersement of job sites away from residential areas, particularly in the inner cities.

MEDICAID

As earnings increase for working AFDC recipients, cash assistance and food stamp supplements decrease. In effect, there is a gradual reduction of these public assistance benefits. Medicaid protection, however, remains constant until a break-even point is reached. Beyond that, the family eligibility would shift from full Medicaid, to a medically needy component wherein a share of cost for health care is required. A major concern for working single parents with young children is the abrupt loss of complete health care coverage, and the rapid assumption of increasing copayment obligations.

IMPLEMENTATION LEAD TIME

Adequate lead time for planning and coordinating prior to implementation is essential for a successful program. For example, Los Angeles County anticipates a 2-year planning process for the GAIN Program. Our needs include massive coordination with private and public entities, resource development and contracting. In terms of education, training, and job placement, we will be working with 82 school districts, 13 community college districts, 8 service delivery areas under the JTPA, 10 child care resource and referral agencies, countless community-based organizations and recipient advocate groups spread out among 84 cities. Although the county welfare department is responsible for GAIN, the program will work only with the cooperation and the contributions of many diverse agencies and groups.

RECOMMENDATIONS

As you examine welfare work programs, we recommend that you consider these concepts:

No. 1, the need for State and local flexibility to design comprehensive programs which are responsive to local conditions, needs, and resources.

Two, a reasonable Federal cost sharing commitment for work programs, administrative expenses, and supportive services.

Three, incentives for employer-provided child care or recognition of dependent care costs as an employee benefit.

Four, in the long-term, some reexamination of the current dependent care tax credit with a view toward recognizing the child care expenses of single parents at the lower end of the income scale.

Five, job development assistance which would sustain employer incentives such as TJTC, publicizing the availability of existing employer incentives, and encouraging the business community to earmark a small portion of new job opportunities for families that currently have no earned income.

Six, an examination of health care alternatives to Medicaid for welfare families that transition into full-time employment. Explore, for example, the feasibility and cost effectiveness of mandatory participation in employer-provided group health insurance for the working parent, with Medicaid funds being made available for reimbursement of any additional premiums needed for dependent coverage.

And, seven, adequate lead time for effective program planning and implementation.

I appreciate this opportunity, Mr. Chairman, and I will be available for any questions that you may have.

Chairman **Ford**. Thank you, Mr. Garcia. Let's go back to the No. 6, when you talk about an examination of health care alternatives. You mention at the end of that statement, with Medicaid funds available for reimbursement of any additional premiums needed for dependent care.

Could you talk about that for a minute?

Mr. **Garcia**. Yes, sir. As an AFDC mother moves into employment, her Medicaid benefits will remain constant, until she loses eligibility for AFDC. She may be picking up at that point a copayment responsibility for Medicaid.

One of the alternatives during that process of transition, is to require participation in any employer-group health insurance plan which is usually provided by the employer with a supplemental premium for dependent children or for additional family members.

And I think the cost effectiveness of Medicaid picking up that copayment premium instead of providing full Medicaid coverage might be an alternative to be examined.

Chairman **Ford**. Just the premium or any expenditures that relate to any medical or health care costs?

Mr. **Garcia**. Well, theoretically, her employer's health plan would be a comprehensive plan and the premium copayment would simply cover the dependent children. Right now it's easier and there is more of an incentive to retain Medicaid rather than to buy into an employer health plan.

For example, as a mother moves into a job and health care plans are available, as long as Medicaid eligibility is there, the incentive is to stick with Medicaid because that's complete coverage for the entire family. And there is no premium share for the children.

Chairman **Ford**. For what period of time would you be talking about for this coverage?

Mr. **Garcia**. Well, I think the cost effectiveness really needs to be examined. There should be a period of time beyond which after she has lost AFDC eligibility. It may be very well tied to income, because there is an income test for her copayment responsibility under Medicaid.

And it may be cheaper in the long term to pay the additional premium for the employer health benefit rather than to continue with the full Medicaid coverage. And the income level could be consistent with the income levels in Medicaid.

There comes a point in earnings where the working family then assumes full responsibility for their medical financial responsibility.

Chairman FORD. Do you see this as a component of this work, education and training legislation that we are talking about, a major component, since two-thirds of the AFDC recipients are children? Health care benefits are probably a major component of the system today, let alone the fact of any reform measures that might be enacted at some later point?

Mr. GARCIA. We would recommend certainly that the alternatives be explored and that a cost-effective study be done to determine whether or not there will be a payoff. We think there will be.

If that's the case, then certainly we would have to ensure that Medicaid funding is available for this premium copayment. But it may be cheaper for us in the long term. Our evaluation of Medicaid benefits in California is it equates to about $140 a month per family.

And I think the insurance copayment for private health insurance would be far less than that.

Chairman FORD. Ms. Smith, you represent the National Governors' Association. I am proud to say that my Governor in the State of Tennessee is the head of the NGA. I am delighted to have him as the head of that organization.

You talk about the 26 States with the UP Program not placed in as a component of the AFDC welfare pitch. Does the Governor of the—I mean, the president of the Governors' Association support a UP Program being put into place?

Ms. SMITH. I can't answer that question specifically with regard to Governor Alexander, if that's the question.

Chairman FORD. Does the National Governors' Association——

Ms. SMITH. The association has taken the position, Mr. Chairman, that any mandatory increase of responsibilities on the part of the State, in this particular area, is something they would not find acceptable. They would certainly welcome an unemployed parent program should the Federal Government, consistent with NGA policy, want to pick up Federal funding of such a program.

Chairman FORD. But they are not on record in support of the UP Program, knowing that they will have to share some of the responsibility of——

Ms. SMITH. That's correct.

Chairman FORD. Well, it's the committee's intent to have the UP Program either in place on or before any welfare reform legislation that might be forthcoming.

I happen to represent one of the States, and Governor Alexander is the Governor of one of those 26 States that you talked about in the testimony, and we feel that that is one major component of any welfare reform legislation that might be forthcoming.

I think when the President addressed the Nation in his State of the Union Message back in February, I think he made it very clear when he talked about profamily. I took that to mean that the structured family, the intact family, the family unit itself, must not in anyway have AFDC or welfare provisions that would destroy that structure of that family unit in the way that an unemployed father or a member of one—one of the members of the two-parent family would have to leave the household in order for someone to be eligible.

We know that Federal law has made it optional for States, and then those States who have cried that we do not have the matching funds with AFDC to implement the UP provision within the AFDC Program, I find that very difficult coming from the South, knowing that the standard of need has been put on the back burner in most Southern States, as well as some Western States. And the intact family, and especially among blacks in America, it would seem since 1970 at a time when 75 percent of all black babies born in America were born to two-parent families, and we know that there are many, many reasons that are out there, whether it's teenage pregnancy or other problems.

But we do find it true in the South that the unemployed father cannot live in the house and the mother and the children be eligible for AFDC benefits. We find that very difficult.

But we know that those AFDC payments have lagged behind for many, many years, even though we have had inflation and just the cost of living adjustments have never been a part of those AFDC payments.

Let's move on now. I understand, Ms. Smith, that the States need flexibility to tailor work and education programs to the circumstances of the States and the needs of the recipients. However, what are the minimum Federal requirements that are necessary for an effective program as it relates to education and work programs being a part of the welfare reform package?

Ms. SMITH. Well, I think it's important perhaps for there to be some basic commitment—I think it may be important for there to be some basic commitment on the part of the Federal Government to a system that would recognize that performance standards are important nationwide, that it is important to focus energy and attention on putting people into purposeful work, attempting to assist people to enter the economic mainstream as opposed to simply mandating an arbitrary level of numbers of people who have to participate, which is more of a fiscally driven kind of notion than a programmatically driven notion.

Our feeling is that it's important for the Federal Government to recognize that, that leaves States the flexibility to provide at the State and at the local levels, sub-State level, the—you know, to seal in the blanks, if you will, on the specific kinds of numbers, taking into recognition what the economic conditions of States and sub-State regions are——

Chairman FORD. You mentioned the WIN Program in your testimony. What about it? What about the WIN Program as it relates to the work, the State work, activities?

Are we talking about the funds that are appropriated for the WIN Program that are important or the structure of the Program itself?

Which of the two components would fit into a State work program? Is it the funds appropriated for the program itself, or is it the structure of the program?

Ms. SMITH. I think what I meant to suggest throughout my testimony, Mr. Chairman, is that we have lessons to learn. We have valuable lessons to learn from all of those programs. We have lessons both as to those pieces of them that research demonstrates to be effective.

So, in that sense we would want to take some structural components of the WIN Program.

The other piece of my testimony had to do with—as an idea—taking the money that now finances the whole gambit of income security programs to create a base from which we might develop a system that sets a minimum level of benefits for those people who cannot work and provides a full array of opportunities for those who can. We are playing with ideas here.

The first question that is always asked in a welfare reform issue is, how are you going to finance this. We would like to think beyond our current notions about how programs operate, we would like to try to be—if you will, to sort of break out of that mold. We have I think in the past done a lot of talking about swapping this program for that program, consolidating this program with that program.

We would like to kind of look beyond that. We would like to say: What happens if we throw all the money in a pot and we start over again?

So, in that sense, the money goes in the pot and the best of the structural components goes into the program.

Chairman FORD. Now, the Governors' Association is already on record in support of the WIN Program——

Ms. SMITH. Right.

Chairman FORD [continuing]. And keeping it alive. And you feel the structural part of the WIN Program fits into the State work activities in trying to develop work, education and training in most of these programs, right?

Ms. SMITH. Yes, sir. We have recently, as a matter of fact, at the winter meeting passed a policy on employment and training for public assistance recipients, and it recognized a program that had many of the elements of the WIN and WIN Demonstration projects in that policy.

Chairman FORD. You know, there are several States with very significant—they have spent a lot of time, significant programs as it relates to work, education, and training. One in the State of Massachusetts, New York, California. We even have a program in Arkansas.

During the Governors' recent winter or spring meeting here not long ago, were you privy to any of the sessions that talked about the different programs that have already been implemented in several States? And, if so, would the Governors' Association try in anyway to embrace a model program from one of these States that have talked about it and has fashioned their program?

Ms. **Smith**. The Governors' Association has not, in terms of accepting or creating a policy that specifically targets——

Chairman **Ford**. Did they like one better than the other, then?

Ms. **Smith**. I would not say that there was the kind of discussion that would have indicated that they liked one better than the other.

There was certainly a lot of discussion about the components of the Massachusetts program, the components of the California program. I think that the Governors are in a position at this point in time of saying: Let's take a look at all of those programs that are out there and pick and chose from among them those elements which are best suited to our specific State and sub-State needs.

Chairman **Ford**. Would you like to comment?

Mr. **Garcia**. I think from the county's perspective, we are also looking at—we are very familiar with what the State of Massachusetts has done and is doing, and also there is a lot of interest in the California GAIN Program.

I think what's important, however, is that the State and counties do have the flexibility to develop the programs to meet their local needs. What is good in California, what will work in California, is not necessarily the model program for another State.

Conversely, States who have programs of work experience and job search solely, certainly would not be adequate for the populations that we are dealing with, particularly in southern California.

So, I think the lessons to be learned are to take the best of everything that is available but still allow the States and counties to develop programs and to tailor those programs based on their needs, resources, and labor market conditions.

Chairman **Ford**. There has been a lot of talk about the workfare, work, education, and training programs, whether or not welfare recipients should participate, or are required to participate.

Is it reasonable to require participation by AFDC applicants and/or recipients, or should participation be voluntary?

Who should be required, in other words, to participate in the program? I know that we talked about Massachusetts, that it might differ from that of New York or California. It might differ from that of Arkansas and other States that are trying now to implement some type of work, education, or training program.

Should it be a requirement for participants, or should we make it voluntary?

Ms. **Smith**. I think in part the answer to that question, Mr. Chairman, depends on what you mean by participate. For instance, if a program covers a full array of services, including basic education services that many people need, addressing problems of adult illiteracy——

Chairman **Ford**. When you look at education, should be it a major component? Should education be treated like job search, or job placement?

Ms. **Smith**. I think for certain categories of people, yes. Education needs to be a central component of a good program.

Chairman **Ford**. Do we stiffen the program by requiring participants or recipients rather to participate within the program, or should you leave it open for those who would voluntarily participate in the program and maybe stay within the workforce itself through whatever training, education, and job placement that might take place?

Mr. GARCIA. If I may, our program in California is a mandatory program; participation is mandatory.

There are education and training components, not only remedial education at the front end but there are also basic education, community college components available.

The key to participation, however, is an individual assessment that we will be conducting for the welfare recipient. The welfare recipient will be participating in an individual assessment of their skills, abilities, aptitudes, work history, their desires and so forth. As a result of that assessment, an employment plan will be mutually agreed upon.

If the way to get to that employment goal is through 2 years at a community college, and that clearly fits the needs of this individual recipient, then that is where that person will go, the idea being that we will then hopefully be giving that person the tools, not only to get a job, but a permanent job enabling them to stay off the welfare rolls.

With respect to overall mandatory and voluntary participation, there has been some interesting dialog over that recently. I had the opportunity and the privilege of spending 3 or 4 days in the State of Massachusetts and studying their program. We talked to a couple of welfare recipients who indicated to us that if the program were mandatory they would not participate. But they were very grateful to have the opportunity to volunteer for the program, and they saw that this was a way that they could get out of the welfare net at some point in the future.

Conversely, shortly after that visit, we visited the project in San Diego, CA, which was involved simply in job search assistance and in community work experience. The program in San Diego was mandatory. We talked to a couple of the recipients there.

We talked to one recipient there who gave us basically the same response. They were grateful to be in it but they were glad that they were required to be in it, because had it been voluntary they would not have participated, and what they felt they needed was that push.

So, I think a lot of it depends on program structure. If the program structure is simply community work experience without an opportunity to get involved in a private-sector permanent-type job, then I think the issue of voluntary versus mandatory participation is a real question.

But where the supportive services are available, where it is a helping program to allow people to get education, training and to make them competitive, then it becomes less of a problem if it is mandatory in nature.

Chairman FORD. You have both components, work and training, right?

Mr. GARCIA. That's right.

Chairman FORD. You know, for some recipients, education services may be as important as work activities——

Mr. GARCIA. I agree.

Chairman FORD [continuing]. As we would all agree to. There are many state welfare agencies now that have had experience only with work programs. I'm concerned now as to whether or not State AFDC welfare offices are equipped for educational training in their AFDC program. Many have already been trained or are familiar with the work activities, but very few States outside of those that have tried to implement some reforms within the AFDC system itself through work, education, and training, regardless of whether we want to refer to it, like the Massachusetts plan, ET, or the California program.

What happens? Where are we? Are we concerned as to whether or not these States are equipped to coordinate educational programs that would respond to the AFDC recipients?

Mr. **Garcia**. The California program is one program that needs to be watched and examined. Of course, we are in the planning process now. We are not implementing GAIN.

And as I mentioned earlier, it's going to take us, in Los Angeles, at least 2 years to complete a plan, because there's such a massive coordination effort involved.

The State law, however, requires that prior to participating in a work program, any recipient who needs remedial education or English language training will be referred to the appropriate school jurisdiction for a basic education, GED degree or English-language training. When we look at our statistics in Los Angeles, we are looking at potentially 70,000 AFDC parents being participants in the program, with a fairly high percentage of those who do not have a high school diploma.

Whether or not once we get the program implemented, all of the persons referred to the education component will indeed be required to participate or not remains to be seen. That's going to be a heavy workload on the educational community.

But we also know that there are a number of AFDC mothers who were forced to drop out of high school because of their personal situation and want to return, get that high school diploma and complete their education. We also know that there are others who have dropped out of school and have no desire to go back, no interest and will not participate voluntarily, and I think that needs to be sifted out.

Until we do that, we don't know how high a percentage that will be. But in California, school districts will be required to provide educational services for our recipients.

Ms. **Smith**. I think, if I might, Mr. Chairman, just add that while historically—and I've just come into NGA from 10 years in the human services business in the State of Florida, experiencing firsthand some of the frustrations of trying to coordinate the activities of Human Services Agency with the Departments of Education. I think that's a historical battle whose time is clearly recognized on both sides as coming to an end.

I think, while I'm not in favor of rewarding Government for doing what they ought to be doing anyway in coordination, that there are things that the Governors can and are prepared to do to assure, if nothing else, that whole concept of public agency to public agency performance contracting to make sure that the Departments of Education and the Departments of Human Services are sharing their resources in an area that is as critical as the education component of a good work program.

Chairman FORD. Thank you. Well, the third member of this panel has arrived, Representative Thomas M. Marchant III, who is chairman of the health and human services resources committee in the State of South Carolina.

I would like to welcome you to the committee. Your own representative, who is the ranking minority member of this subcommittee, apologizes for not being here. He had a conflict with another subcommittee. In scheduling the session this morning, he was unable to make it. But I would like to personally, on his behalf, welcome you to this subcommittee.

And we are delighted to have you and look forward to hearing from you at this time.

STATEMENT OF THOMAS M. MARCHANT III, REPRESENTATIVE, SOUTH CAROLINA STATE LEGISLATURE, AND CHAIRMAN, HEALTH AND HUMAN RESOURCES COMMITTEE, NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. MARCHANT. Thank you very much, Mr. Chairman. I'm Tom Marchant from South Carolina. I also have a little case of something that restricts my ability to articulate the subject. In view of the fact that Mr. Campbell is not here today, that might be good so he can't cross-examine me.

It is indeed a pleasure to join you for this most important discussion of work and education opportunities for welfare recipients. I am Representative Tom Marchant from South Carolina, chairman of the health and human resources committee of the National Conference of State Legislatures, fondly known as NCSL. It is on behalf of NCSL and our committee that I appear before you today. The National Conference is the official representative of the Nation's 7,461 State lawmakers and their staffs and is the only national legislative organization governed and funded directly by the States. The Health and Human Resources Committee is responsible for guiding conference policy in the areas of health, income security, social services, and services to special populations. NSCL has had a longstanding interest in and commitment to improving the effectiveness of the Nation's public assistance programs and has played an integral role in these efforts in the past. As chairman of this NCSL committee, I intend to continue that effort.

This year, we established three working groups within the committee to permit members to more closely focus on key conference priorities. The working groups are: Welfare reform, one; Means-tested entitlement programs, two; and, elderly services, three. The welfare reform working group will focus on proposals and policy development concerning restructuring of the existing public assistance system. The means-tested entitlement working group will focus on the public assistance programs and legislative initiatives related to those programs. The elderly services working group will focus on programs that provide assistance to the elderly, including Medicaid and Medicare. During the year, the committee as a whole will be taking a close look at our existing policy on welfare reform.

While we look forward to working with the President and the Congress on welfare reform, the adoption of the Gramm-Rudman-Hollings Deficit Reduction Act will force State and local governments and the Congress to take a very close look at the gamut of Federal assistance programs currently available to State and local governments in the coming months, whether any progress is realized on welfare reform per se or not.

This is certain to be a painful and difficult process. However, this is the context in which modification and reform of the current welfare system must be discussed. I believe that one way to make the test more simple, at least conceptually, is to identify the bottom line. That's what we all want to know. What is it we want to accomplish with welfare reform? I submit that the object of welfare reform is to reduce the number of people in need of Government assistance, ultimately reducing the total cost of public assistance to the Government and to the taxpaying citizens of the United States. What do we hope to accomplish through work and training programs for welfare recipients? I believe that we want to help them identify ways in which they can become permanently—and I stress permanently—self-sufficient. As we accomplish this in a businesslike and humane manner, the welfare population can be systematically reduced, while still providing a safety net.

Under our current system linkages between the key elements are inadequate or exist where they should not. For instance, the link between education, job training and job availability in the private sector is currently inadequate. While at the same time, there is an inappropriate link between access to health care and the individual's employment status which is costly to us as a nation. I know you, Mr. Chairman, are very interested in this subject. As we look at creating work and job training opportunities for welfare recipients, these linkages must be carefully considered. Part of our effort to create more opportunities for welfare recipients may have to take place outside the confines of the AFDC program. It may well require educators, private sector representatives, health care providers and the Federal, State, and local government representatives working much more closely toward a common goal of reducing welfare dependency.

Recent statistics show that the number of female-headed households is continuing to climb. This is the result of fewer marriages, unfortunately more divorces, and yes, increasingly more teenage pregnancies. While most households receive Aid to Family with Dependent Children for a relatively short period, approximately 25 percent of the program recipients are long-term beneficiaries. This small but significant minority represents the greatest cost to the welfare system and to society. These households tend to be headed by teen and young adult mothers. Young women that have more than one child while still a teen seem to be particularly vulnerable. It is clear that efforts to improve or reform the current system must be directed toward addressing the problems of this group. I believe that, for young mothers receiving AFDC, early intervention—and I stress early intervention—that provides for employment and training opportunities, basic educational support and support services such as child care, transportation assistance and in some cases counseling, are vital and crucial. I personally believe that religious counseling in the religion of one's choice should also be encouraged. The growing number of teen pregnancies is a concern to many of us as State policymakers. The NCSL has just published a report which we will provide copies to you entitled, "State Legislative Initiatives that Address the Issue of Teenage Pregnancy and Parenting."

This explores a number of policy options available to State policymakers in addressing this very delicate issue. I would ask for your permission, Mr. Chairman, at this time that a copy of the report be submitted for the record.

Chairman FORD. It will be made a part of the record.

[Oral testimony continues on p. 93. The report follows:]

State Legislative Initiatives That Address The Issue Of Teenage Pregnancy And Parenting

by
Heather F. Maggard
Staff Associate
Teenage Pregnancy Project

Edited by
Sharon Bjorkman

National Conference of State Legislatures
1070 Seventeenth Street
Suite 2100
Denver, Colorado 80265

October 1985

EXECUTIVE SUMMARY

The United States has the highest rates of teenage pregnancy, birth, and abortion in the Western world.[1] Because teenage pregnancy and parenting have been associated with numerous socioeconomic and health problems, including low educational achievement, unemployment, single parenting, poverty and welfare dependency, pregnancy complications, infant mortality, and child abuse, state legislatures are looking for ways to prevent teenage pregnancy and to minimize the adverse consequences of teenage parenting.

In the summer of 1985, the National Conference of State Legislatures Teenage Pregnancy Project conducted a 50-state survey of state legislative initiatives on the issue of teenage pregnancy and parenting. Results indicate that forty-six bills relating to teenage pregnancy and parenting were introduced in the 1985 session, and thirteen of the bills passed. States with the most enacted legislation on the topic are Connecticut, California, New York, and Michigan.

Legislative initiatives fall under five categories:

1) recognition of the problem of teenage pregnancy and parenting, which includes resolutions or legislation requiring the establishment of task forces or special studies;
2) prevention of teenage pregnancy, which includes legislation relating to family life education or to contraception accessibility;
3) health care during pregnancy, which includes legislation relating to abortion, medical care accessibility, prenatal care programs, and supplemental nutrition programs;
4) social services for pregnant or parenting teenagers, which includes legislation establishing programs of alternative education, parenting education, day care, job training, and group residential facilities; and
5) comprehensive services, which includes legislation providing for state-level coordination of direct services and case management services for pregnant and parenting adolescents.

The legislative initiatives reflect two public policy strategies. Under the first strategy, the direct approach, teenage pregnancy and parenting are viewed as unique problems requiring specialized services. Under the indirect approach, the needs of pregnant and parenting teenagers are met through services aimed at the general population.

States that adopt the direct approach may develop policy to prevent teenage pregnancy or to provide pregnant and parenting teenagers with the services that they need. Prevention efforts are designed to intervene before the teenager becomes sexually active or before pregnancy occurs. Services are designed to ensure a healthy pregnancy and to assist the teenage mother in becoming independent after childbirth.

A complete public policy strategy may be one that seeks to both prevent teenage pregnancy and to provide pregnant and parenting teenagers with services. Such a strategy emerges from selected state legislative initiatives: sex education or family life education; school-based health clinics; statutes relating to accessibility of contraception, abortion, medical care; and state-level coordination and funding of comprehensive community-based services for pregnant and parenting teenagers.

This report examines these public policy strategies and the legislative initiatives behind these strategies. Sharing state experiences is important in the shaping of public policy related to teenage pregnancy and parenting.

ACKNOWLEDGMENTS

The author wishes to extend sincere appreciation to the legislative staff, legislative counsel, and agency staff who responded to the survey and made this report possible. Special thanks also go to the NCSL staff who helped produce this report. Candace Romig and Michele Magri made helpful suggestions and editorial remarks, and Joanne Ourada spent many hours preparing the manuscript for publication.

This report was prepared under contract with the Ford Foundation. NCSL wants to thank Prudence Brown, project officer, for recognizing that sharing state experiences is important in shaping public policy related to teenage pregnancy and parenting.

FOREWORD

This section is part of a presentation made by Connecticut State Representative Mary M. Mushinsky at the NCSL Annual Meeting session "Teenage Pregnancy: Policy Perspectives on the Crisis and the Cost," August 5, 1985.

Connecticut, like many other states, has an epidemic of teenage pregnancy. When we did some statistical checks, we discovered that in Connecticut:

- 16 percent of pregnancies are among teenagers;
- 10,000 adolescents get pregnant every year;
- more than 5,000 of these 10,000 adolescent pregnancies end in abortion;
- slightly fewer than 5,000 of our teenage pregnancies result in live births; and
- last year, we had 200 pregnant kids under 14 years old.

So you see, in Connecticut, nearly 50 percent of teenage pregnancies result in live births and 50 percent result in abortions. From live birth records, it looks like the teenage pregnancy rate is declining. The fact is that kids are aborting, and actually, the teen pregnancy rate is worse than ever.

The teenage pregnancy problem in Connecticut is much the same as in the rest of the United States. About 80 percent of these pregnancies are unintended and perhaps 20 percent are intended. About 70 percent of pregnant teenagers are unmarried and about 30 percent are married. Of the 30 percent of teenagers who are married, about one third were already pregnant when they got married. Eighty-five percent of unmarried mothers will be abandoned eventually by the father of the child. Most of the married and unmarried mothers will not finish school, and most will go on AFDC at one time or another. Most will probably also qualify for state Medicaid, which is an expensive program for us in Connecticut.

We did a computer check and found that a full 58 percent of our present Aid to Families with Dependent Children (AFDC) caseload are either currently teenage mothers or had their first child when they were teenagers. We have 21,000 of these young women on our rolls, and they are costing the state $58,000,000 a year in AFDC benefits, which is more than $1,000,000 a week.

The issue affects you as a state legislator. If you can do something about teenage pregnancy, you're going to relieve several burdens for yourselves. First, I'm sure you all have a lot of pressure from both sides on the abortion issue in general. Well, abortion is chosen heavily by teenagers. It's really a teenage pregnancy issue and the more you as a legislator can do to prevent these pregnancies, the more likely it is that you will eliminate abortion as an issue.

Second, teenage pregnancy is a heavy burden for taxpayers in your home states and it's a big social problem for your state. Emphasizing that you intend to relieve the taxpayers' burden is a good way of garnering support for what you are trying to do.

In 1984, I passed a bill to set up the Task Force on Education to Prevent Adolescent Pregnancy (Special Act 84-32) and specified who should be on it. In the summer of 1984, I set up the task force. We had pro-life proponents, a Catholic priest, social workers, doctors, staff from Young Parents Programs, teachers, and others on our task force. They were charged with studying the problems and costs of teenage pregnancy and suggesting solutions. It took them six months to work on the issue. In January 1985, they reported statistics and costs, and recommendations came from four subcommittees.

Out of these recommendations, we wrote seven bills which I filed with Representative Norma Cappelletti, who is my Republican cosponsor, and Representative Bob Keeley. Dr. Victor Strasburger of the task force said, 'Yes, these are blunt bills, but we were asked how to cut the teenage pregnancy rate, and this is how to do it.' (See **State Legislative Initiatives**)

The cost of the entire proposed teenage pregnancy package was $850,000. If the legislation only prevented 156 of 10,000 annual pregnancies, it would pay for itself. Nevertheless, only one-third of the legislation passed.

In Connecticut, we experienced a lot of policy obstacles when we started working on this issue. We all know the problem is serious and we know that it is not going to go away, but very rarely do you find a consensus on how to tackle it.

The major roadblock is denial. Even though we live in a highly sexually oriented culture, no one wants to admit that teenagers are sexually active. When you start introducing teenage pregnancy bills, the argument you'll get from some of your constituents is 'These kids should not be having sex,' rather than 'How can we prevent these 10,000 pregnancies a year?' It's like watching a house burn down and saying, 'Gee, the people in that house really ought to put in some smoke detectors.' Well, sure they should have, but it's too late now. What you have to do as leaders is focus on reducing the pregnancy rate and don't let yourselves get distracted by the moral issue, which you are not going to be able to solve. You can't personally get all those kids to stop having sex.

I want to encourage you to be pioneers. Help your teenagers and your taxpayers by working to reduce the teenage pregnancy rate in your state. The first thing you have to do is research the problem, get the statistics for your state. They will probably shock you.

The next thing you should do after your research is get your communities involved. Set up a school curriculum committee that is broad-based. Try to involve the people that you're going to hear complaints from later, the people from the different churches and the different organizations. Examine some model programs and school curriculums from other states.

When you draft legislation, remember that at least 80 percent of these pregnancies are accidents and only 20 percent are willful. You will have to write bills that deal with both kinds of situations. You'll have to consider sex education to prevent unintended pregnancy and you'll have to deal with developing career goals and job goals in the kids who intended to get pregnant, and in that way, you tackle both ends of teenage pregnancy prevention. As far as sex education, be sure to consider the needs of fundamentalist parents who really cannot tolerate it. Give them an escape hatch such as letting them take their kids out of a sex education course if they want to.

Finally, prepare yourself to take some heat. You are going to get some flack for this. Be able to answer your opponents' questions and be ready with the statistics. The news media will rally behind you. They see the numbers; they know that you have a problem. They will help you deal with the public.

The silent majority will support you on what you do even though they may not write letters. The vocal minority will never accept what you're doing and they will give you a lot of trouble. They will say 'Leave sex education to the parents.'

But I'm saying, go ahead anyway and introduce the bills. The dissent eventually goes away, and the people will accept what you're doing and respect you. Then, when your legislative time is finished, I'm sure you'll feel you've accomplished something worthwhile. And years from now, your teenagers will thank you.

INTRODUCTION

State legislators have long been reluctant to intervene in some of the more controversial aspects of family life. Traditionally they have relegated to the private sector much of the responsibility for problems such as teenage pregnancy, which immediately brings to mind the emotionally charged issues of sex education, contraception, and abortion--issues that for many people raise questions of morality, and thus, are difficult to address with legislation.

In recent years, state-level public policymakers have noticed the increasingly high rate of teenage pregnancy in the United States and have acknowledged the link between it and many other social problems. Many have decided that something must be done to prevent teenage pregnancy and to minimize the adverse socioeconomic and health consequences of teenage parenting, and have taken decisive action.

Over the past 10 years, task forces and special committees have been established in many states, and studies have been conducted for legislative use. Moreover, legislation has been introduced, and in a few states adopted, that in some way recognizes the unique problems of teenage pregnancy and parenting and attempts to deal with those problems.

This report examines state legislative initiatives relating to the issue of teenage pregnancy and parenting. It is important to note, however, that this report tracks only initiatives directly related to the problem of teenage pregnancy and parenting. This report does not examine legislation or programs designed to meet related service needs, although such legislation or programs may affect pregnant and parenting teenagers indirectly. For example, all states offer certain services relating to health, family planning, food and nutrition, equal educational opportunities, preschool and day care, welfare and social services, child support enforcement, employment and training, housing, runaway youth, and child abuse and neglect prevention and treatment. Although these services may very well serve pregnant and parenting teenagers, they are not specifically intended for only pregnant and parenting teenagers.[2]

Chapter I examines the problem of teenage pregnancy and parenting from historical, international, and national perspectives, with particular attention to rates of teenage sexual activity, pregnancy, childbearing, and nonmarital parenting. Chapter II explores the socioeconomic and health consequences of teenage pregnancy and parenting, especially as they relate to education, employment, income, family structure, and maternal/child health.

Chapter III examines state statutes and statutorily based programs directly related to the issues of teenage pregnancy and parenting, with emphasis on activity in the 1985 legislative session. These legislative initiatives are related to recognition of the problem, efforts to prevent teenage pregnancy, efforts to ensure a healthy outcome of pregnancy, and social services for pregnant or parenting teenagers. Chapter IV analyzes strategies for public policy for possible use by legislatures concerned with the problem of teenage pregnancy and parenting.

1

THE PROBLEM OF TEENAGE PREGNANCY AND PARENTING

A Historical Perspective

In the first half of this century, it was not uncommon for a couple to marry and have children well before they were out of their teenage years. Schooling and vocational training were completed for most people by the mid-to-late teens, and societal norms dictated that young people be ready to assume the responsibilities of family life at a relatively early age. Today, the process of social maturation, that is, the process of preparation for adulthood, has been extended several years so that most young people are not socially, emotionally, or economically ready to accept the responsibilities of parenthood until they are at least in their early twenties.

Meanwhile, the age of physical maturation has remained somewhat stable. Most young women are capable of childbearing by their mid-teens. Thus, the distance between physical and social-emotional maturation has been growing wider over the years. Because many teenage girls are becoming pregnant long before they are prepared socially or emotionally for adulthood, teenage pregnancy today is associated with a plethora of adverse socioeconomic consequences that were not as prevalent in the first part of this century.

An International Perspective

The problem of teenage pregnancy is particularly serious in the United States, which has the dubious distinction of having the highest rates of teenage pregnancy, birth, and abortion in the Western world.[3] In 1980, more than one in 10 American girls aged 10 to 19 years became pregnant.[4] This rate is more than two times higher than that of Canada, England, and France; almost three times higher than that of Sweden; and seven times higher than that of the Netherlands.[5]

The birthrate for American women younger than age 20 in the mid-to-late 1970s was 5.2 percent, or approximately one in 20, a childbearing rate similar to that of Italy.[6] Childbearing rates in Canada, England and Wales, France, the Netherlands, and Sweden are all under 3.3 percent. It is important to note that "the reason that adolescent birthrates are lower in the (six) other countries than they are in the United States is not more frequent resort to abortion in those countries. Where the birthrate is lower, the abortion rate also tends to be lower."[7]

Of all American white females aged 15-19, 3.8 percent of whites and 6.6 percent of blacks had an abortion in 1980.[8]

A National Perspective

1. Sexual Activity

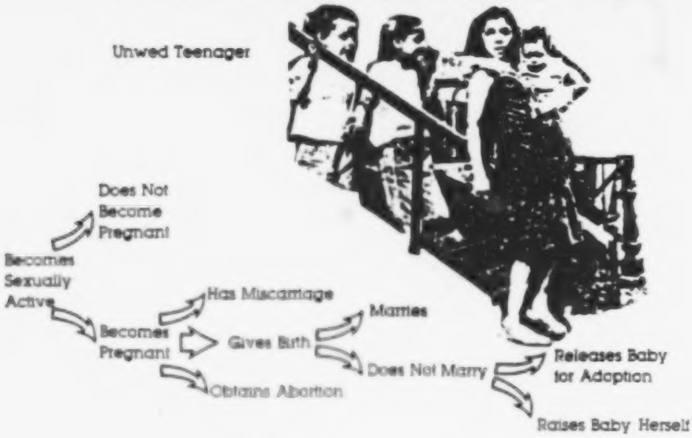
The fact is, sexual activity among unmarried American female teenagers increased 49 percent among whites and 14 percent among blacks between 1971 and 1979.[9] In 1979, among unmarried 16-year-old girls, one-third of the whites and one-half of the blacks had had sexual intercourse.[10] Over 25 percent of all sexually active teenagers reported in 1979 that they had never used a contraceptive, and nearly 40 percent reported that they used contraceptives sporadically.[11] As a result, the number of teenage pregnancies in the United States has risen over the years.

2. Pregnancy

Each year, over one million teenage pregnancies occur, 75 percent of which are unintended.[12] If current trends continue, 40 percent of today's American 14-year-old girls will become pregnant before the age of 20.[13]

When a teenager becomes pregnant, her options are to obtain an abortion or to give birth. Statistics indicate that most choose the latter. In 1980, an estimated 48 percent of pregnant teenagers gave birth, 39 percent obtained an abortion, and 13 percent miscarried.[14] If a teenager chooses to give birth, she must decide whether to marry and legitimize the birth or not to marry. If she decides not to marry, she must choose whether to release the baby for adoption or to raise it herself.

The Process of Teenage Pregnancy and Childbearing


Unwed Teenager
Does Not Become Pregnant
Becomes Sexually Active
Has Miscarriage
Becomes Pregnant
Gives Birth
Obtains Abortion
Marries
Does Not Marry
Releases Baby for Adoption
Raises Baby Herself

3. Childbearing

Currently, over one-half million babies are born to teenage mothers in the United States each year, a rate of nearly one in seven of all births.15 In 1980, among females aged 15-19, 4.5 percent of all whites and 9.5 percent of all nonwhites gave birth.16

States with the highest percentage of births to women under age 20 in 1982 were Mississippi (21.9 percent of all births), Arkansas (20.8 percent), and Kentucky (19.5 percent), a trend which may reflect cultural differences related to early marriage and childbearing in the southern and Appalachian regions. The lowest percentage of teenage births was in Minnesota (8.9 percent) and Massachusetts (9.7 percent).

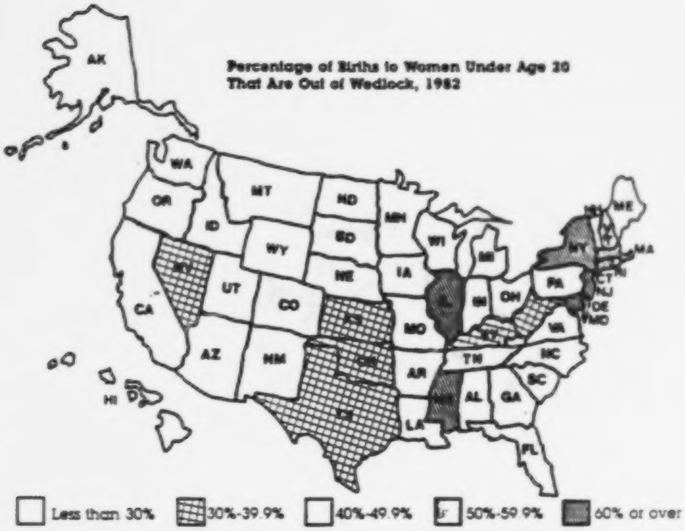
Nearly half of all teenage births are occurring out-of-wedlock17 and the numbers are increasing. Only about 7 percent of unmarried teenage mothers aged 15 to 19 release their babies for adoption; 93 percent attempt to raise their babies themselves.18

4. Nonmarital Parenting

Nonmarital teenage childbearing is a phenomenon primarily of the past two decades. Prior to that time, the majority of pregnant teenage girls married, and for the most part, stayed married, so that even if they weren't socially or emotionally ready for childbearing, they at least had a partner and breadwinner. Having a partner and breadwinner eliminates many of the socioeconomic problems of teenage childbearing, which are most often related to single parenting.

The percentage of nonmarital births to women under age 20 varies from state to state. In 1982, states with the highest percentage of such births were clustered on the eastern seaboard: New Jersey (71.4 percent of all teenage births), New York (69.5 percent), and Maryland (68 percent). States with the lowest percentage of such births were clustered in the Midwest: Utah (27.8 percent), Wyoming (28.8 percent), and Idaho (29.8 percent).19

These geographical clusters may reflect several factors that may be helpful in fully understanding the problem of nonmarital teenage parenting. First, while black teenagers account for only 28 percent of all adolescent childbearing, they account for 47 percent of all births to unmarried teenagers.20 Thus, states with high black populations may have high rates of nonmarital teenage birth. Second, the eastern seaboard states have a higher percentage of urban populations than the midwestern states. There may be a correlation between geographic areas, corresponding cultural values, and pregnancy resolution strategies. For example, low rates of nonmarital parenting in the Midwest may indicate that nonmarital teenage pregnancy is more often resolved by marriage or abortion in rural states than in urban states. Perhaps the stigma of nonmarital parenting is not as great in urban areas as in rural areas.



Percentage of Births to Women Under Age 20 That Are Out of Wedlock, 1982

AK
HI
WA
OR
CA
ID
NV
MT
WY
UT
AZ
CO
NM
ND
SD
NE
KS
OK
TX
MN
IA
MO
AR
LA
WI
IL
MI
IN
OH
KY
TN
MS
AL
GA
FL
SC
NC
VA
PA
NY
ME
VT
NH
MA
RI
CT
NJ
DE
MD
☐ Less than 30%
▦ 30%-39.9%
☐ 40%-49.9%
☐ 50%-59.9%
■ 60% or over

Statistics: Children's Defense Fund

States with high percentages of nonmarital teenage parenting increasingly are becoming aware of the adverse consequences of teenage pregnancy and parenting for the teenagers, their families, and for society as well. Even states with relatively low percentages of nonmarital teenage childbearing are concerned about the serious and far-reaching effects of teenage pregnancy because of its relationship to numerous socioeconomic and health problems.

II

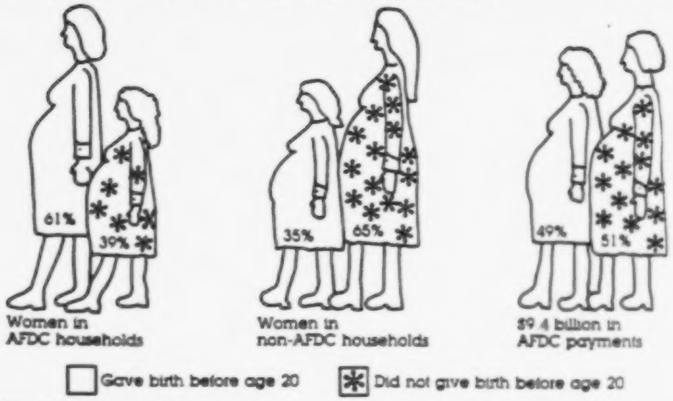
THE CONSEQUENCES OF TEENAGE PREGNANCY AND PARENTING

When a teenager becomes pregnant, her life and the lives of her unborn child, her male partner, and her family can be drastically affected. Teenage pregnancy and parenting has been associated with numerous socioeconomic and health problems, including low educational achievement, unemployment, single parenting, poverty and welfare dependency, pregnancy-related health complications, infant mortality, and child abuse.

Public Assistance

The problem of teenage pregnancy and parenting touches more than just the individuals immediately involved. Society, too, must bear the burden. Over half of the recipients of Aid to Families with Dependent Children are mothers who had their first child as teenagers.21 In 1975, state and federal governments spent $8.6 billion in AFDC cash benefits, Food Stamps and Medicaid services for these AFDC households.22 Moreover, deliveries to adolescents account for 30 percent of all hospital deliveries paid for by Medicaid.23

Percentage distributions of women in AFDC households and non-AFDC households, by whether they gave birth before age 20, and percentage distribution of $9.4 billion in AFDC payments, by whether recipients gave birth before age 20, 1975



Statistics: The Alan Guttmacher Institute

Education/Employment

Society must bear the burden of teenage pregnancy not only in financial terms (that is, public assistance), but also in terms of lost human potential. The plans and life goals of many young women must go unfulfilled because of unplanned pregnancies.

A study conducted by The Alan Guttmacher Institute in the late 1970s showed that, of the teenagers who had become parents before age 18, only one-half of the women and three-fifths of the men had finished high school by age 29.[24] Dropping out of high school has a direct effect on the teenage parents' employment opportunities. "Teenage parents are more likely than those who delay childbearing to have low-status, low-paying jobs or to be unemployed."[25] Low-paying jobs or unemployment in turn means that many teenage parents and their children live in poverty.

Family Structure

Problems related to family structure also contribute to the generally low socioeconomic status of teenage parents and of unmarried women who parented in their teenage years. About one-third of teenage females who conceive before marriage and carry the pregnancy to term marry before delivery.[26] The outlook for these marriages is not good. Nearly one-half of married women who give birth prior to age 18 are separated or divorced within 15 years, which is a rate three times higher than that of women who first bear children later than age 20.[27] Nearly one-quarter of the separations are within five years.[28]

The high rates of divorce, separation, and out-of-wedlock birth among teenagers mean that many female teenagers are heading single-parent households. A majority of these households are living in poverty: 75 percent of single mothers under age 24 live below the poverty line.[29] These mothers generally cannot look to their babies' fathers for financial support. Only one in 10 of the mothers below age 25 ever receives child support payments from the child's father compared with one in four of the older mothers. Those teenage mothers who do receive some child support generally receive less than $1,500 a year.[30]

The problem of poverty is exacerbated by the fact that teenage mothers have nearly twice as many children as older women, which means more mouths to feed, more clothes to buy, and more day-to-day expenses.[31]

The children of these women tend to have lower IQs and scholastic achievement scores, and are more likely to repeat at least one school grade.[32] Moreover, a cycle of family instability is established, as children of teenage parents tend to become teenage parents themselves.[33]

Maternal and Infant Health

Pregnant teenagers and their babies also face many adverse health problems. Statistics from the mid-to-late 1970s indicate that teenage mothers are more likely to die of pregnancy-related health complications than mothers in their early twenties and are more likely to suffer from pregnancy-related anemia, toxemia, and the complications of premature birth.[34] The risks are especially great for black, poor, and very young teenagers[35] who are also at very high risk of having low birthweight babies.[36]

Teenagers as a whole are at a 39 percent greater risk of having a low birthweight baby than women in their early twenties.[37] In fact, one-fifth of low birthweight babies born in 1982 were born to mothers under age 20.[38] According to The Alan Guttmacher Institute, "low birthweight is a major cause of infant mortality, as well as a host of serious childhood illnesses, birth injuries and neurological defects, including mental retardation,"[39] which exact personal, familial, and societal costs.

Many low birthweight births could be prevented and infant mortality rates reduced if teenage mothers were receiving the proper prenatal care.[40] The fact is, among pregnant teenagers aged 15 to 19, one in seven black mothers and one in 10 white mothers receive little or no prenatal care.[41] The average total cost of caring for a low birthweight baby in a hospital intensive care unit is between $10,000 and $15,000, compared with the average cost of a complete prenatal care package of only $600.[42]

Adolescent parents are also at a high risk of having mental health problems. Frank G. Bolton, Jr., a noted child abuse investigator, has observed that adolescent parents and child abusers share certain characteristics that create an environment conducive to child maltreatment. These characteristics include low self-esteem, low frustration tolerance, fear of rejection, ignorance of realistic expectations for the child, isolation, lack of information about child care techniques, parenting at a young age, low levels of education, successive birth of children, occurrence of large family sizes, high rates of unemployment, and lower levels of occupation and family income.[43]

III

STATE LEGISLATIVE INITIATIVES

Many state legislators are concerned about the financial and human costs of a burgeoning pregnant and parenting teenage population. Over the past decade, states have begun to investigate the problem and to attempt to develop effective public policy strategies to deal with it.

Overview of Legislation

Results of the NCSL Teenage Pregnancy Project survey indicate that as of September 1985, legislation specifically related to teenage pregnancy and parenting is on the books in 20 states: California, Connecticut, Delaware, Florida, Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, Montana, Nevada, New Hampshire, New York, North Carolina, South Carolina, Tennessee, Texas, West Virginia, and Wisconsin. States with the most enacted legislation are Connecticut (5), California (4), New York (4), and Michigan (3).

Forty-six bills were introduced in the 1985 session. States that were the most active in introducing teenage pregnancy and parenting legislation were Connecticut (9), California (4), New Jersey (4), Florida (3), Illinois (3), and Ohio (3). Thirteen bills were passed--in California (3), Connecticut (3), Delaware, Illinois, Montana, Nevada, New Hampshire, North Carolina, and Texas. Thirty-three bills were not passed--in California, Connecticut (6), Florida (3), Georgia, Illinois (2), Indiana, Maine (2), Massachusetts, New Jersey (4), New York, North Carolina, Ohio (3), Oregon, South Dakota, Tennessee, Texas, Vermont, Virginia, and Washington.

Both proposed and enacted legislation is categorized as relating primarily to: 1) recognition of the problem of teenage pregnancy and parenting; 2) prevention of teenage pregnancy, that is, strategies that seek to reach teenagers before sexual activity or pregnancy; 3) health during pregnancy; 4) social services during pregnancy or after childbirth; or 5) comprehensive programs.

The majority of legislation enacted to date relates to health care during pregnancy, particularly parental consent for pregnancy-related health services. Five states--Kentucky, Michigan, Missouri, New Hampshire, and New York--have statutes providing that an unemancipated minor may receive medical services relating to pregnancy and childbirth without parental consent. An equal number of states--Indiana, Missouri, Nevada, Tennessee, and West Virginia--have statutes requiring parental consent or notification before an unemancipated minor can obtain an abortion.

The majority of legislation proposed but not passed in the 1985 session also related to health care, specifically parental consent or notification. Eight states--California, Florida, Georgia, Maine, Ohio, Oregon, Vermont, and Virginia--introduced bills requiring parental consent or notification before a minor can obtain an abortion.

Recognition of the Problem

The first type of legislation is a recognition of the problem of teenage pregnancy and parenting. It includes:

- o resolutions recognizing the problem and urging action to address the problem; and
- o resolutions or legislation providing for the establishment of a task force or special study of the issue.

1. Resolutions

The formal recognition of the problem of teenage pregnancy may be the first step in developing a solution to the problem. In many states, the problem has been identified in the governor's state-of-the-state address or budget message. Another way of bringing the problem to the attention of the public is through a legislative resolution. The South Carolina General Assembly passed such a resolution in 1981, Concurrent Resolution (CR) 488, and Montana passed House Joint Resolution (HJR) 19 (Waldron et al.) in the 1985 legislative session.

The Montana resolution discusses the problem of teenage pregnancy, identifies comprehensive services as a possible solution, and urges the Department of Social and Rehabilitative Services to provide priority referral and placement for such services to young, single, pregnant, and parenting women. The legislature suggests that comprehensive services include prenatal care, counseling for pregnancy options, and parenting skills education.

The South Carolina resolution recognizes the seriousness of the teenage pregnancy problem, urges support of efforts to educate citizens about the costs of teen pregnancy, and seeks to initiate the collection of data on the issue.

2. Task Forces and Legislative Studies

Many state legislatures have found it helpful to initiate an in-depth study of a problem prior to introducing legislation. Task forces and legislative studies enable legislators to gain knowledge of the scope of the problem in the state and to advise the governor and legislature as to possible state policy and program development for addressing the issue.

Nine states--California, Connecticut, Delaware, Florida, Massachusetts, New York, Texas, Washington, and Wisconsin--have legislative task forces or legislative research projects that are examining the problem of teenage pregnancy and parenting. Only Delaware passed legislation in the 1985 session establishing such a task force.

The California Senate Office of Research prepared, at the request of Senators Gary Hart and Dan McCorquodale, a report on adolescent pregnancy in October 1984. The report, entitled "Mom, Dad . . . I'm Pregnant," provides data on teenage pregnancy and childbearing in the state and nation, reviews the circumstances associated with and consequences of adolescent pregnancy and childbearing, and identifies model prevention and comprehensive services programs. Following the publishing of the report, Senator McCorquodale introduced Senate Bill (SB) 1151, the Adolescent Parent Educational Opportunity Act, which authorizes local school boards to establish educational programs for pregnant and parenting teenagers. The bill passed in the 1985 session (See **Social Services for Pregnant or Parenting Teenagers** - Alternative Education Programs).

In Connecticut, SA 84-32 established the Task Force on Education to Prevent Adolescent Pregnancy in 1984. Legislators, state agency personnel, and private sector representatives comprised the task force. After examining the problem for four months, the task force issued its final report in February 1985, which included legislative proposals, policy recommendations, and issues identified as requiring further study.

In the year during which Connecticut has had a teenage pregnancy task force, the state has emerged as a leader in legislative initiatives to address the problem of teenage pregnancy and childbearing. During the 1985 session, Connecticut legislators introduced seven pieces of teenage pregnancy-specific legislation, three of which passed: 1) SA 85-103 (Mushinsky et al.), which establishes a teenage pregnancy prevention council of legislators, state agency heads, and representatives from private service agencies that will coordinate pregnancy prevention programs throughout the state (See **Comprehensive Services Programs** - Coordination of Services); 2) PA 85-458 (Mushinsky et al.), which establishes a program to provide subsidized job training to parents or dependent children under 20 and not attending school (See **Social Services** - Job Training Programs); and 3) PA 85-539 (Eads, Roche), which establishes a Young Parents Grant Program to assist local boards of education in establishing or maintaining an education program with day care components for parenting students (See **Social Services** - Alternative Education Programs).

The Delaware General Assembly passed House Resolution (HR) 94 (Maroney) in the 1985 session, which establishes a legislative task force on infant mortality that will study specific issues related to prenatal care and the prevention of infant mortality, including the prevention of teenage pregnancy.

The Florida House of Representatives' Ad Hoc Committee on Children and Youth studied teenage pregnancy and parenthood and issued a report in March 1985. Policy recommendations called for:

- incentives for local school districts to provide alternative education services;
- provision of subsidized day care in alternative education programs;
- development of a curriculum designed to encourage the postponement of sexual activity; and
- development of a program within a state agency that will coordinate teenage pregnancy and parenting prevention efforts.

Three bills relating to teenage pregnancy and parenting were introduced this session in Florida, making it one of the seven most active states on the issue.

In Massachusetts, the Women's Caucus of state legislators recently formed the Teenage Pregnancy Task Force to examine the problem and make legislative recommendations.

The New York State Temporary Commission to Revise the Social Services Law issued a 1983 report entitled "Teenage Motherhood and Public Dependency: New York State's Response to the Issue of Adolescent Pregnancy." The commission, which continues to study issues related to social services, is comprised of members appointed by the president of the Senate, the speaker of the Assembly, and the governor. In its report, the commission recommended that the Department of Social Services become the centralized authority for programs and case management. As a result of the commission's work, New York Law Ch. 975, the "Teenage Services Act," was passed, creating a case management system to assist pregnant and parenting teenagers that receive public assistance to become financially independent (See **Comprehensive Services Programs** - Case Management Services).

In Texas, the House of Representatives' Select Committee on Teenage Pregnancy studied teenage pregnancy in 1982 and issued policy recommendations. The recommendations, published October 1, 1982, in "Final Report of the Select Committee on Teenage Pregnancy," called for:

- the coordination of information and services;
- the implementation of a program of reproductive and family life education;
- the provision of accessible and confidential family planning services;
- special education funds for school-aged parents;
- insurance coverage for pregnant minors;
- Medicaid reimbursement for prenatal care;
- increased counseling and referral services for adoption;
- allocation of funds for family planning services;
- the establishment of a committee to study day care needs in the state; and
- a strong program of child support enforcement.

Having been made aware of the teen pregnancy problem, Texas legislators introduced three pieces of teenage pregnancy legislation in the 1985 session, one which passed. HB 1023 (Madla) establishes a maternal and infant health improvement services program that includes preventive, health, medical, and health education services designed to prevent adolescent pregnancy (See **Health During Pregnancy** - Prenatal Health Care Programs).

In Washington, the House of Representatives' Office of Program Research issued a report in June 1985 that examines teenage pregnancy trends in the United States and in the state. While no legislative proposals were presented in the report, it is interesting to note that a bill creating a media campaign to reduce teenage pregnancies was introduced in the 1985 session (HB 1174).

The Wisconsin Special Committee on Pregnancy Options has been conducting extensive research on teenage pregnancy and public policy in the 1985 session; legislation will likely be proposed in the 1986 session as a result of the committee's findings. The committee is comprised of state legislators and people from the private sector and was established by the

Legislative Council. Also new in 1985 is the Adolescent Pregnancy Prevention Subcommittee of the Assembly Committee on Children and Human Services, which has not met to date.

Two states--New Jersey (SB 2347, Lipman et al.) and Tennessee (HJR 83, DeBerry et al.)--introduced bills in the 1985 session that would provide for the establishment of a teenage pregnancy task force to study the issue and make policy and program recommendations. The New Jersey bill passed the Senate but not the Assembly. The Tennessee bill passed the House but not the Senate, and may be reintroduced in the 1986 session.

Prevention of Unwanted Teenage Pregnancy

Prevention of unwanted pregnancy is one approach to dealing with the problem of teenage pregnancy and parenting. State legislative initiatives that fall under this category relate primarily to:

- o educational efforts; and
- o family planning efforts.

1. Family Life Education

One legislative approach preventing teenage pregnancy is to establish family life education programs. The intent of this type of legislation is to do one or more of the following:

- o teach young people about the reproductive process and the pitfalls of early parenting;
- o encourage chastity or responsible sexual behavior; and
- o encourage the development of life goals that act as an incentive to postponing parenthood.

No state currently requires family life education by statute.[44] Three states, however--Illinois, Michigan, and Tennessee--have statutes that encourage or facilitate the offering of family life education.

The Illinois "Sex Education Act" establishes a division of sex education under the State Board of Education and a Sex Education Advisory Board to aid in establishing a sex education program that could be used in the schools.

Under Michigan Comp. Laws Ann. Section 380.1507, school districts may provide instruction in sex education, including family planning, human sexuality, reproductive health, and family life.

Tennessee Senate Joint Resolution (SJR) 138, passed in 1984, advocates the full implementation of comprehensive health and safety education, including family life education, in Tennessee schools and communities.

Bills that relate to establishing a program of reproductive health education or family life education in the public schools were introduced in Connecticut (HB 6902, Mushinsky et al.), Ohio (HB 28, Jones et al.), and Texas (HB 1515, Delco). None of the bills passed. A House joint resolution (HJR 275, Basnight), passed in North Carolina in the 1985 session, requires the Legislative Research Commission to study the teaching of adolescent sexuality in the public schools, specifically: how and what youth are being taught, what resources are being used and are needed for better delivery of adolescent sexuality education, and what improvements in the program will help to reduce unwanted pregnancies and infant mortality rates.

2. Family Planning

State legislative initiatives in the area of family planning have been limited largely to "parental consent" statutes, with the exception of one New York bill introduced in the 1985 session.

The bill, SB 41-A (Halperin), would require public secondary and state university schools to provide students with information concerning all medically recommended forms of birth control and lists of birth control or family planning clinics, including those nearby. The bill was not passed in early 1985, but may be considered again in late 1985 or 1986.

Parental consent statutes require that an agency or physician obtain parental consent or notify parents prior to dispensing contraceptive pills or devices or providing family planning information to an unemancipated minor. Under common law, minors were considered incapable of giving effective legal consent for their own medical care due to their young age.[45] Over the years, legislation and court decisions have enabled minors in some jurisdictions to obtain medical care without parental consent. In order to remove any doubt on the part of an attending physician, some states are enacting legislation that clearly defines consent requirements for family planning services, as well as abortion services and pregnancy-related medical care.

For example, Section 381.82 of the Florida Statutes permits the Department of Health and Rehabilitative Services to provide contraceptive information and services to minors when at least one of the following criteria is met: 1) the minor is married; 2) the minor is a parent; 3) the minor is pregnant; 4) the minor has the consent of a parent or legal guardian; or 5) the physician determines that the minor may suffer probable health hazards if the services are not provided.

In three states--California (SB 99, Richardson), Illinois (SB 1114, Kelly-Hudson), and North Carolina (HB 1317, Etheridge)--parental consent legislation relating to family planning services was introduced during the 1985 session. Conversely, two states--Connecticut (HB 6937, Mushinsky et al.) and South Dakota (HB 1204, Wofford et al.) reported the introduction of a "mature minor" statute that enables a minor to receive family planning services without parental consent. None of the bills passed.

3. Other Approaches

One innovative approach to preventing teenage pregnancy is by a campaign of public service announcements that encourage postponement of sexual activity or responsible sexual behavior. These campaigns aim to capture the attention of young people as they watch television, listen to the radio, read magazines, and drive past billboards on the roadways. Illinois, Michigan, and Tennessee have used such campaigns in the context of teenage pregnancy and infant mortality (See **Appendix - Nonlegislative Programs**).

Washington (HB 1174, Lux) had the only bill introduced this session establishing a teen pregnancy media campaign, and it failed.

Health During Pregnancy

The third major type of legislation pertains to health during pregnancy, specifically:

- o parental consent for abortion services;
- o parental consent for pregnancy-related medical services;
- o prenatal health care programs; and
- o supplemental nutrition programs.

1. Parental Consent Requirements for Abortion Services

In Bellotti v. Baird, 61 L. Ed. 2d 797, and in H. L. v. Matheson, 67 L. Ed. 2d 388 (1981), the U. S. Supreme Court acknowledged "the existence of important and compelling state interest in protecting minors against their own immaturity, fostering the family structure and preserving it as a viable social unit, and protecting the rights of parents to rear their children in their own household."46 In the wake of this decision, state legislatures are introducing and enacting legislation that would require a minor's parent to be notified or give consent prior to enabling an unemancipated minor to obtain an abortion.

The California Legislature expressed its reasons for such a statute in SB 99 (Richardson), which was introduced in the 1985 session.

> "The Legislature finds and declares all of the following:
> 1) immature minors often lack the ability to make fully informed choices that take account of both the immediate and long-range consequences of their acts;
> 2) the medical, emotional, and psychological consequences of abortion are serious and can be lasting, particularly when the patient is immature;
> 3) the capacity to become pregnant and the capacity for mature judgment concerning the wisdom of an abortion are not logically related;
> 4) parents ordinarily possess information essential to a physician's exercise of his or her best medical judgment concerning the child;
> 5) parents who are aware that their minor daughter has had an abortion may better ensure that she receives adequate medical attention after her abortion. The Legislature further finds that parental consultation is usually desirable and in the best interest of the minor."

The bill failed.

Overall, statutes and bills requiring parental consent or notification before an unemancipated minor can obtain an abortion are the most common type of teenage pregnancy-related legislation. Two states--Indiana (Ind. Code Section 35-1-58.5 through 2.5) and Missouri (Mo. Rev. Stat. Section

188.028) have parental consent statutes; and two states--Tennessee (Tenn. Code Ann. Section 39-4-202 and West Virginia (W. Va. Code Chapter 1, Section 16-2F-1 through 9--have parental notification statutes on their books. Moreover, Nevada passed SB 510 (Rawson) in the 1985 session which requires parental notification.[47] In the 1985 session, two states--California (SB 99, Richardson) and Maine (HB 387, Carrier, and SB 1113, Hichens)--introduced parental consent legislation, and seven states--Florida (HB 364, Watt et al.), Georgia (HB 310, Smith et al.), Nevada (SB 510, Rawson), Ohio (HB 319, Luebbers), Oregon (SB 409, Hannon et al.), Vermont (SB 126, Manchester), and Virginia (HB 1364, Morrison)--introduced parental notification legislation. Only Nevada's bill passed.

2. Parental Consent Requirements for Pregnancy-Related Medical Services

Three states have statutes that would enable a pregnant unemancipated minor to be treated by a physician for medical conditions related to pregnancy or childbearing without parental consent: Kentucky (Ky. Rev. Stat. Section 214.185), Michigan (PA 153-1984), and New York (New York Law Chapter 976, 1984). South Dakota HB 1204 (Wofford, et al.), introduced and defeated in the 1985 session, would have enabled a minor to receive both pregnancy-related care and contraceptive services without parental consent.

New Hampshire SB 96 (Podles, Gordon) passed in the 1985 session, enables pregnant or parenting teenagers to obtain medical treatment for themselves or their children without parental consent. The Michigan statute also authorizes this. Missouri Revised Statute Section 431.065 enables a minor to authorize medical treatment for his or her child without parental consent.

3. Prenatal Health Care Programs

"Adequate health care is the basis of all effective services for our youngest parents."[48] Since the health of both the teenage mother and her baby is at risk when prenatal and postpartum health care is inadequate, legislators may want to consider legislation that provides for accessible prenatal and postpartum medical care. Two states--Texas and Connecticut--introduced legislation during the 1985 session establishing health programs specifically related to pregnant teenagers.

Texas HB 1023 (Madla), passed in the 1985 session, establishes a maternal and infant health improvement services program that specifically includes preventive, health, medical, and facility care for adolescents relating to pregnant teenagers and the prevention of teenage pregnancy.

Connecticut HB 6900 (Mushinsky et al.), introduced and defeated in the 1985 session, would have required funding to permit three full-time, school-based health clinics and to establish two more. School-based health clinics, located on school grounds or nearby, provide a wide variety of services, which may include athletic physicals, general health assessments, laboratory and diagnostic screenings, immunizations, first aid and hygiene, family planning counseling and services, prenatal and postpartum care, day care, drug and alcohol abuse programs, nutrition and weight reduction programs, family counseling and others, depending upon the specific health clinic.[49]

In a related vein, Wisconsin Statute Section 632.895-7 requires that insurance coverage for maternity care be extended to the dependent children of policyholders. During the 1985 session, Massachusetts introduced a similar piece of legislation (SB 1037, Backman) that did not pass.

4. Supplemental Nutrition Programs

Prenatal care is poor among adolescents, often because they do not eat well-balanced, nutritional meals. While legislation cannot change teenagers' eating habits, it may help low-income teenagers obtain the food they need and cannot afford. New York Law Chapter 539 addresses this problem by providing for the establishment of an emergency nutrition aid program for low-income, nutritionally deficient pregnant women and adolescents.

SB 1179 (Bergeson), passed in California in 1985, also provides for such a program. It authorizes the state Department of Education to reimburse schools for costs incurred in serving nutritionally adequate meals to pregnant and lactating students, and appropriates $500,000 from the General Fund for reimbursements.

Social Services for Pregnant or Parenting Teenagers

The fourth type of legislation makes available various social services to teenagers who are pregnant or parenting. There are primarily five service needs addressed by bills or legislation:

- alternative education programs;
- parenting education programs;
- day care programs;
- job training programs; and
- group residential facilities.

1. Alternative Education Programs

For years, many school districts discouraged pregnant and parenting teenagers from attending regular high school classes for fear that they would be a bad influence on the other students. Concern about the legality of such practices led to the enactment of Title IX of the 1972 Federal Educational Amendments, which prohibits the exclusion of these students from any programs, courses, or extracurricular activities solely on the basis of pregnancy. Schools are permitted, however, to offer elective, separate-but-equal programs and courses for these students.

Pregnant and parenting teenagers often have a history of poor school attendance, weak academic skills, and little motivation to complete their education. Alternative education programs provide them with a flexible, responsive academic program, often accompanied by day care services. The programs may include parenting education, career counseling, health care and social services referrals, and other support services in addition to the academic program. Four states--California, Connecticut, Michigan, and Wisconsin--reported enacted legislation providing for such a program.

California Code Title 5 Chapter 16 Section 11820-11832, passed in 1982, provided for the establishment of the Pregnant Minors Program. An alternative high school academic program funded through legislative appropriations, it offers an equal educational opportunity to pregnant students. Pregnant students become ineligible for the program shortly after delivery. SB 1151, "The Adolescent Parent Educational Opportunity Act" (McCorquodale et al.), passed in the 1985 session, changes the administration of the program and provides that services include parenting and health education, supplemental nutrition programs, child care and health services, referral services, counseling services, and transportation services. Most important it enables the local school board to determine eligibility requirements for the program and to correct the ineligibility provision of the Pregnant Minors Program, allowing parenting teenagers to receive much-needed services.

The California Legislature also passed, in the 1985 session, HB 55 (Brown et al.), which establishes a Student Parent Education Program. The program will include academic and vocational instruction, parenting education, perinatal instruction and support, health education, nutrition supplement and instruction, transportation, counseling, health care and social services referrals, and care and development services for the children of teenage students.

In 1984, the Connecticut legislature appropriated $35,000 through SA 84-539 to the Department of Health Services for grants to Young Parents Programs that were operating in seven municipalities. To augment the program, in 1985 the legislature passed PA 85-539, which requires the Department of Education to establish a Young Parents Grant Program to assist local and regional boards of education with establishing or maintaining education programs with day care components for parenting students.

In Michigan, Section 380.1301 of the Michigan Compiled Laws Annotated provides that school districts may have an alternative educational program for pregnant or parenting students and their children. The Department of Education acted on this by creating the Pregnant Persons and School Age Parents Program. Under the 1984 School Aid Act, the legislature appropriated $660,000 for 1984-85 for teacher salaries in these programs and up to $300,000 for eight pilot school-age parents' projects. To round out the alternative education programs, the Department of Social Services is required under Mich. Comp. Laws Ann. Chapter 400.1, Section 144, to provide programs, whenever possible in conjunction with the alternative programs, that focus on the special education, training, employment, and social needs of pregnant and parenting teenagers.

The 1983 Wisconsin Act 374 also provides for the establishment of a special education program for pregnant and parenting school-age mothers.

Bills relating to alternative education were introduced in Florida, Ohio, and New Jersey in the 1985 session. In the Florida 1985 session, two bills relating to alternative education were defeated. HB 979 (Weinstock) would have revised the Alternative Education law to include specifically pregnant or married teenagers in statutory language pertaining to alternative education programs. HB 409 (Davis et al.) would have provided funding for day care services for parents attending secondary schools. Nevertheless, the legislature appropriated $300,000 to the Department of

Education to fund six projects that would provide education programs with day care components for teenage mothers.

Similar legislation introduced in the 1985 session included Ohio HB 372, relating to the establishment of special education programs for pregnant and parenting teenagers; and New Jersey SB 2905, which would require a study of the effectiveness and need for such programs.

2. Parenting Education Programs

Parenting education programs or curricula are designed to provide teenagers with information and skills relating to parenting, including information on child growth and development. Often, parenting education is folded into other health, education, and social services programs serving pregnant and parenting teenagers. The purposes of these programs are usually to minimize parental frustration and possible child abuse, and to maximize optimal development of the child.

California Code Title 5, Article 1, Sections 18140-18144 establishes the School-Age Parenting and Infant Development Program, which provides parenting teenagers with both theoretical and practical instruction in parenting education; supervised infant day care and health care; instruction in child growth and development, family planning, and human sexuality; career counseling; high school academic instruction; and social services. Pregnant teenagers may enroll in the parenting education component of the program, but their educational, health, and social needs are provided for by the Pregnant Minors Program (See Alternative Education Programs).

Also, in 1984, the California Legislature passed SB 3031, which requires the superintendent of public instruction to survey local school districts to determine the extent to which parenting education courses are being offered.

In Illinois, SB 883 (Holmberg) passed in the 1985 session, enabling school districts to provide parenting education instruction in public schools.

3. Day Care Programs

"The lack of adequate child care is the teen parent's single greatest barrier to participation in educational programs."[50] Most teenage parents, especially teenage girls who are raising their babies alone, cannot afford typical day care services. Connecticut's SA 85-539, passed in the 1985 session, addresses this problem by establishing the Young Parents Grant Program, which will provide local boards of education with the funds to establish or maintain secondary education services for young parents in conjunction with day care services for the students' children.

A similar bill was passed in California in the 1985 session. AB 55 (Brown et al.) establishes Student Parent Education Program that includes a day care component.

In Florida, HB 409 (Davis et al.) failed in the 1985 session but would have required the Department of Education to establish a program whereby matching state funds would be awarded to school districts to provide day care services to adolescent parents enrolled in secondary schools.

4. Job Training Programs

A program of job training may help reduce the numbers of parenting teenagers who are dependent upon AFDC by giving them the means to become financially independent. In Connecticut in the 1985 session, PA 85-458 passed, providing for the establishment of a program to provide subsidized job training to parents or dependent children who are recipients of AFDC, are under 20 years of age, and are no longer attending school. The program will be federally funded. When introduced, the bill also targeted teenagers who are at risk of becoming parents. This provision was defeated, however.

5. Group Residential Facilities

Residential maternity homes provide pregnant and sometimes parenting teenagers with comprehensive services in a residential, supportive atmosphere. In 1980, Connecticut passed SA 80-54 that established a commission to evaluate the need for such shelter homes for unwed pregnant women and girls and unwed mothers.

During the 1985 session, New Jersey introduced two bills relating to group residences, both of which failed. SB 2902 (Lombardi) would have established a group residence pilot program for unwed pregnant and parenting girls, while SB 2903 would have established a New Jersey Maternity Residence Study Commission to determine the need for and feasibility of a group residence home.

Comprehensive Services Programs

Comprehensive services programs provide a multitude of health, educational, social, psychological, and financial services to pregnant and parenting teenagers. One way to ensure that comprehensive services are available to teens is to have a centralized office, agency or council administrate a grant program for comprehensive services providers, and/or to have the office, agency, or council coordinate service provision. Once comprehensive services are available, it is important that teens be directed to the services they need. Case management services ensure that teens have access to comprehensive services.

1. Coordination of Services

Connecticut, Maryland, and New York reported teenage pregnancy legislation that seeks to prevent pregnancy and/or deal with the consequences of adolescent parenting through state-level coordination and funding of comprehensive services programs.

In Connecticut, SA 85-103 (Mushinsky et al.) passed in the 1985 session, providing for the establishment of a teenage pregnancy prevention council of legislators, state agency heads, and representatives from private service agencies that will together coordinate pregnancy prevention programs throughout the state.

The Maryland Single Parent Services Program (Md. Ann. Code Article 6 Sections 101-103), administered by the Department of Human Resources, provides specialized services to unmarried youth who are pregnant, parenting, or at risk of early or unplanned parenthood. Services include counseling, family planning counseling, case management services (referrals to other agencies for prenatal care, adoption, child support, employment/training, and health care services), and support services such as day care, aide service, or maternity home care.

The New York "Adolescent Pregnancy Prevention and Services Act of 1984" (New York Law Chapter 974 Article 8-A Section 465) authorizes the Department of Social Services, in cooperation with the Council of Children and Families, to receive and approve for funding comprehensive services plans submitted by not-for-profit agencies or county or municipal governments. These comprehensive plans would include, but not be limited to, vocational and educational counseling, job skills training, family life and parenting education, life skills development, coordination, case management, primary preventive health care, family planning, social and recreational programs, child care, outreach and advocacy, follow-up, crisis intervention, and efforts to stimulate community interest and involvement. Five million dollars were appropriated to the program in FY 1984-85. By April 1985, 22 organizations had been selected to receive $750,000 for primary prevention demonstration projects and outreach, training, and public awareness projects. Twenty-three applications for the $4 million Community Project Award are being considered for the final awards in that category.

Illinois legislation similar to the New York act was introduced during the 1985 session but failed. SB 1383 (Smith-Dawson), the "Adolescent Pregnancy Prevention Services Act," would have created an Advisory Council on Children and Families and would have established a grant program for community-based teenage pregnancy projects. SB 499 (Gery-Michael), introduced in Indiana, and HB 6936 (Mushinsky et al.), introduced in Connecticut, would have established similar grant programs but were defeated.

2. Case Management Services

Programs that provide case management services help link pregnant and parenting teenagers with the multitude of social and health services that they need through referrals to agencies and programs.

New York's "Teenage Services Act" (New York Law Chapter 975, Title 4-B, Section 409) provides for the establishment of a service case management system that will help pregnant, parenting, and at-risk youth gain access to the services they need to help them become financially independent, including educational services, vocational counseling, and family support services. Twenty-three teenage pregnancy projects were awarded $1.4 million in grant money in January 1985 to provide the case management services.

These projects include life skills training programs for young adolescents at risk of early or unintentional pregnancy; self-sufficiency programs, which provide employment-related services, child care training, and remedial education; and planning projects to enhance existing prevention services by increasing their availability in high-risk areas. One program, a cooperative effort of the state Department of Labor and the Albany Urban League, will provide self-sufficiency services for adolescent fathers who are unemployed.

Connecticut HB 6230 (Mushinsky), defeated in the 1985 session, would have established a similar case management services grant program.

IV

PUBLIC POLICY STRATEGIES

Public policy strategies for the issue of teenage pregnancy and parenting look at the problem from two perspectives. First, the direct approach specifies that teenage pregnancy and parenting is an unique problem requiring specialized services; and second, the indirect approach asserts that the needs of pregnant and parenting teenagers can be met through services aimed at the general population.

Policy development under the direct approach may take two tracks. The first track is a strategy aimed primarily at preventing teenage pregnancy. These initiatives target adolescents before pregnancy occurs in an effort to educate them about sexuality and the responsibilities of childbearing. The second track is a strategy that targets the pregnant or parenting adolescent and is designed to assist her or him in adjusting to parenting.

Policy development may incorporate the above strategies, but rather than taking a specialized approach, it may rely on related services to accomplish these goals. Under the indirect approach, the issue of teenage pregnancy and parenting is addressed in the context of programs dealing with issues such as child support enforcement, maternal and child health, employment and job training, special education, AFDC, and child abuse prevention. Effective case management techniques ensure that pregnant and parenting teenagers are aware of and receive the services they need.

Many of the states that did not report the existence of specialized teenage pregnancy and parenting programs deal with the problem through related services. Other states have established specialized programs (See **Appendix - Nonlegislative Programs**) and have incorporated related services programs as well.

This section focuses on public policy strategies that directly address the problem of teenage pregnancy and parenting. These strategies recognize that teenage pregnancy and childbearing is a process: 1) teenager becomes sexually active; 2) the teenager becomes pregnant; 3) the teenager chooses either to abort or give birth; and 4) the teenager keeps the baby, often becoming welfare dependent, or releases the baby for adoption. As Moore and Burt describe in Private Crisis, Public Cost,[51] each of these four stages in the process can be considered as possible intervention points for direct public policy.

Current state legislation dealing with the issue of teenage pregnancy and parenting is geared primarily toward the final stages of the process. The majority of states that have acted on the issue have sought to ensure the health of the pregnant teenager and to provide her with services once she delivers. While this strategy may be effective in alleviating some of the negative health and economic consequences of the problem, it does not tackle the core issue: prevention.

Legislators may want to consider developing intervention strategies for each stage of the process, strategies that seek both to prevent teenage pregnancy and to alleviate the negative consequences of teenage parenting.

A complete intervention strategy, as reflected in selected state legislative initiatives, might include sex or family life education, which addresses stages 1 and 2; school-based health clinics, which address stages 2 and 3; statutes relating to the availability of contraception, abortion services, and medical care, addressing stages 2 and 3; and a state-level coordination and funding of comprehensive community-based services for pregnant and parenting teenagers, focusing on stages 3 and 4.

In developing intervention strategies, it is important to consider first that intervention is easier and less costly, in both financial and human terms, early in the process. Second, in order for the strategy to be effective, issues of availability and accessibility[52] must be resolved--that is, the service or program must be offered to the teenager in the first place, and it must be fairly convenient, or else it may not be used.

Sex/Family Life Education

Connecticut's Task Force on Education to Prevent Adolescent Pregnancy found

> "that family life education is effective in producing a substantial increase in knowledge, a positive impact on attitudes toward sexuality, and enhanced self-esteem and ability to relate to others . . . It has a positive effect on the use of birth control and in reducing unintended pregnancy, decreases the rate of venereal disease, and does not produce an increase in sexual experimentation or corruption of morals. Further results include increased positive and realistic attitudes toward marriage and childbearing, and increased parent-child interaction."[53]

As a result, the task force recommended a mandated family life education program for grades kindergarten through 12 and the establishment of Community Advisory Councils for curriculum development and mandated in-service teacher training.

The fact is that "many teenagers get pregnant because they lack basic information about human reproduction, think they are too young to get pregnant, or that they don't have intercourse often enough, or that it is the wrong time of the month for pregnancy to occur."[54] The reason for this lack of information may be related to the fact that most parents do not discuss sexuality with their children.[55] Encouraging the postponement of teenage sexual activity or preventing teenage pregnancy by offering sex or family life education in the schools may make important information accessible to teenagers who might not have another means of obtaining that information.

Legislators who are considering legislation on sex/family life education and are concerned about the controversy surrounding the issue may be interested in the results of a 1981 NBC/Associated Press poll, which indicates that 75 percent of adults approve of sex education in the schools.[56] Moreover, studies have shown that less than 1 percent of parents refuses to allow their teenagers to attend sex education classes.[57]

One possible way to increase parent-child communication on issues of sexuality and to allay parents' fears about making family life education available to adolescents is to involve parents in the development of the curriculum, as suggested by the Connecticut task force, and to encourage parents' attendance at the class itself.

One alternative to family life education is a program that helps teenagers develop problem-solving skills and the ability to consider life's options. This type of program may prove effective in enabling teenagers to postpone sexual activity or avoid pregnancy.[58] These programs teach teenagers to develop and work toward goals, to be aware of alternatives, and to anticipate the consequences of their actions (See **Appendix - Nonlegislative Programs**). General problem-solving skills can be applied to sexual decision-making.

School-Based Health Clinics

To increase the accessibility of family planning services, prenatal care and other health services to teenagers, school districts in at least 11 states--California, Connecticut, Illinois, Indiana, Minnesota, Mississippi, Michigan, Missouri, New Mexico, Ohio, and Texas--have sanctioned the opening of health clinics in or near public high schools. Minnesota's school-based health clinics reported a 50 percent decrease in teenage childbearing over an eight-year period at the schools with health clinics (See **Appendix - Nonlegislative Programs**).

Connecticut's task force, in its legislative policy recommendation, advised the establishment of full-time, school-based health clinics, finding that

> "school-based health clinics are a demonstrated means of providing comprehensive medical, educational, and counseling services. These clinics provide total medical services to students, not just services related to the prevention of pregnancies and pre- and post-natal care. In terms of the adolescent pregnancy problem, the goals of such clinics are the prevention of adolescent pregnancies, reduction of second pregnancies, reduction of obstetrical complications, and improvement of the health of the infant and mother."[59]

Teenagers who find it difficult or inconvenient to obtain contraceptives may choose to be sexually active without contraceptives. By the same token, teenagers who find it difficult or inconvenient to obtain prenatal care may postpone such care or neglect to undergo regular prenatal check-ups.

Parental Consent and Mature Minor Statutes

Many state legislatures are encouraging parental involvement in adolescent sexuality decision making by means of parental consent or notification statutes. These statutes require that a parent be notified or grant consent prior to the provision of one or more of the following services: contraception, abortion, or pregnancy-related medical care.

As discussed in Chapter III, parental consent and notification requirements are designed to protect minors against their own immature decision-making and to protect the rights of parents to raise their children as they wish. It is also thought by proponents of such statutes that parental consent and notification statutes may increase parent-child communication on sexuality issues and enable a parent to be aware of potential emotional or health problems in the minor so that corrective action can be taken.

Legislators also may want to consider the restrictive effects that parental consent or notification statutes may have on the availability of contraceptives, abortion services, and prenatal care for sexually active or pregnant teenagers, and the effect that such barriers may have on rates of teenage pregnancy and childbearing.

An intervention strategy that includes mature minor statutes, statutes that enable a minor to obtain reproductive health services without parental consent, may improve the availability of such health services and have a corresponding positive impact on teenage pregnancy and childbearing rates.

Comprehensive Community-Based Services

The final stage for public policy intervention is after a teenager has given birth. At this point, if the teenager keeps her baby--and most do--she will require a multitude of health, social, and economic services.

For pregnant and parenting teenagers who can be encouraged to attend school, providing comprehensive services within an educational setting--the alternative school--may be the answer (See **Social Services** - Alternative Education Programs). For other teenagers, a case management system operated out of a hospital or social services office may ensure that they get the services they need (See **Comprehensive Services** - Case Management Services).

Legislators may want to consider the state's role in the provision of services as a state-level coordinator and funder of community-based comprehensive services. New York and several other states have had success with this approach (See **Comprehensive Services** - Coordination of Services and **Appendix - Nonlegislative Programs** - Illinois). In addition to providing services to parenting teenagers, these local programs also could assist with strategies aimed at the prevention of teenage pregnancy and the healthy resolution of pregnancy.

Legislators may want to consider incorporating the following components into any comprehensive services system:

- Educational/Vocational Services
  school continuation
  parenting education
  job training/career counseling

- Health Services
  family planning counseling
  prenatal and postpartum medical care
  nutritional counseling

- Psychological Services
  - counseling, both peer and professional
  - support groups
  - role model interaction

- Case Management Services
  - outreach
  - referrals
  - follow-up, home visits

- Other Services
  - social activities
  - child care services
  - transportation services

Summary

A public policy strategy that uses specialized programs to 1) encourage the postponement of teenage sexual activity and prevent pregnancy; 2) lead the teenager to a healthy resolution of that pregnancy; and 3) provide special services to the parenting teenager may be an effective approach to dealing with both the problem of teenage pregnancy and the consequences of teenage pregnancy and childbearing. If the specialized programs are offered in addition to related services, comprehensive service delivery may result.

CONCLUSION

Increasingly, state legislators are becoming aware of the human and financial costs of teenage pregnancy and parenting. Over the past decade, increased rates of sexual activity among teenagers have led to increased numbers of pregnant teenagers. Teenage childbearing and parenting, particularly phenomenal numbers of nonmarital parenting, have placed an immense burden on state health and social services systems and have drastically reduced the life options of vast numbers of teenagers.

Various task forces have proposed public policy relating to the problem of teenage pregnancy and parenting, some of which has been adopted and implemented. These public policy strategies are aimed at both preventing teenage pregnancy and addressing the health and social services needs of pregnant and parenting teenagers. While many states use existing service systems to achieve these goals, a growing number of state legislatures are creating programs and services that recognize that the problems and needs of pregnant and parenting teenagers are unique and merit special attention.

While the problem of teenage pregnancy and parenting is an old one, the solutions are still fairly new. Many state legislators are interested in innovative public policy strategies being implemented by other state legislatures. They are also interested in knowing more about executive- and administrative-branch initiatives, the success rates of the various programs being adopted, the impact of federal legislation on state and local programs, the legislature's role as an appropriator of funds, and the relationship between teenage pregnancy and infant mortality prevention efforts. As state legislatures share their knowledge and experiences, public policy strategies will undoubtedly emerge that will help to prevent the problem of teenage pregnancy and to minimize the adverse consequences of teenage parenting for teenage mothers, their babies, and society.

APPENDICES

A. CHARTS

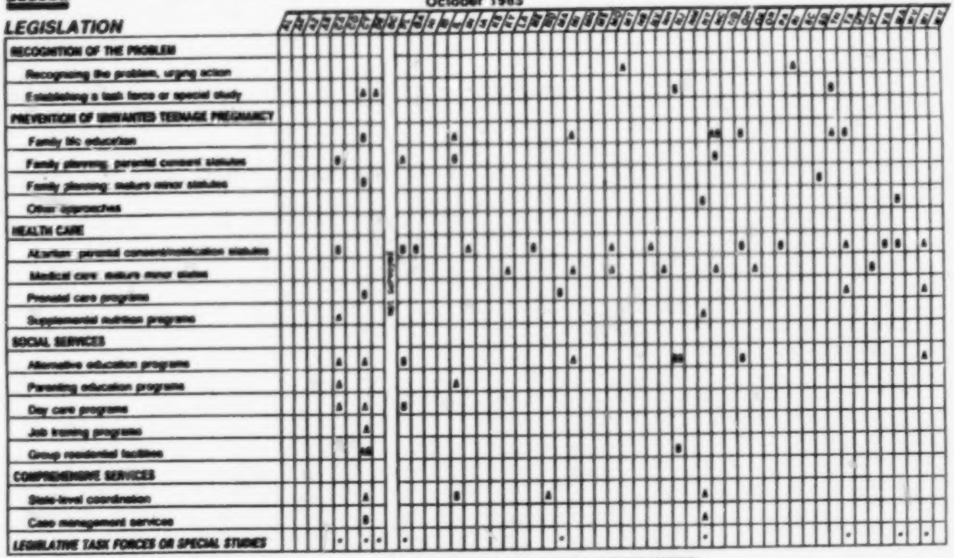
PREGNANCIES TO POPULATION OF FEMALES AGED 15-19 BY BIRTH, ESTIMATED MISCARRIAGE, AND ABORTION RATES PER 1,000 BY STATE, 1980, IN ALPHABETICAL ORDER

	Pregnancies	Estimated Miscarriages	Abortions	Births
U.S. Total	**110**	**15**	**42**	**53**
Alabama	117	17	32	68
Alaska	124	18	42	64
Arizona	123	18	40	65
Arkansas	117	17	25	75
California	140	18	69	53
Colorado	113	14	49	50
Connecticut	80	9	40	31
Delaware	105	14	40	51
Florida	131	17	55	59
Georgia	131	19	40	72
Hawaii	105	13	41	51
Idaho	96	14	23	59
Illinois	100	14	30	56
Indiana	102	15	30	57
Iowa	77	11	23	43
Kansas	101	14	30	57
Kentucky	111	17	22	72
Louisiana	118	18	24	76
Maine	87	13	27	47
Maryland	122	15	64	43
Massachusetts	85	10	47	28
Michigan	102	13	44	45
Minnesota	77	11	31	35
Mississippi	125	19	22	84
Missouri	106	15	33	58
Montana	93	13	32	48
Nebraska	80	11	24	45
Nevada	144	18	67	59
New Hampshire	81	10	37	34
New Jersey	96	13	48	35
New Mexico	126	18	36	72
New York	100	12	53	35
North Carolina	110	15	37	58
North Dakota	75	11	22	42
Ohio	101	14	35	52
Oklahoma	119	17	27	75
Oregon	118	15	52	51
Pennsylvania	90	11	38	41
Rhode Island	83	11	39	33
South Carolina	114	16	33	65
South Dakota	86	12	21	53
Tennessee	113	16	33	64
Texas	137	20	43	74
Utah	95	15	15	65
Vermont	94	12	43	39
Virginia	107	14	45	48
Washington	122	15	60	47
West Virginia	103	15	20	68
Wisconsin	85	11	34	40
Wyoming	127	19	29	79

Source: The Alan Guttmacher Institute

STATE LEGISLATION AND TASK FORCES ON TEENAGE PREGNANCY AND PARENTING

October 1985



LEGISLATION

RECOGNITION OF THE PROBLEM
Recognizing the problem, urging action
Establishing a task force or special study
PREVENTION OF UNWANTED TEENAGE PREGNANCY
Family life education
Family planning: parental consent statutes
Family planning: mature minor statutes
Other approaches
HEALTH CARE
Abortion: parental consent/notification statutes
Medical care: mature minor statutes
Prenatal care programs
Supplemental nutrition programs
SOCIAL SERVICES
Alternative education programs
Parenting education programs
Day care programs
Job training programs
Group residential facilities
COMPREHENSIVE SERVICES
State-level coordination
Case management services
LEGISLATIVE TASK FORCES OR SPECIAL STUDIES

KEY

A state has an act
B state introduced a bill in the 1984-85 legislative session
S act or bill requires only a study of the issue
* state has a legislative task force or legislative study

NOTE: Entries do not reflect single pieces of legislation. Each act and bill is categorized according to the various topics addressed by the act or bill. Therefore, a single piece of legislation containing provisions for several programs, for example, is reported in several categories.

.00' 60

B. BILLS AND ACTS OF THE 1984-85 LEGISLATIVE SESSION

CALIFORNIA

AB 55 Brown et al. passed

Establishes a Student Parent Education Program, which includes academic instruction, parenting education, perinatal instruction and support, health education, nutrition supplement and instruction, transportation services, counseling services, child care and child development services.

SB 99 Richardson died

Would require parental consent before an unemancipated minor can be prescribed contraceptives or can obtain an abortion.

SB 1151 McCorquodale et al. passed

"Adolescent Parent Educational Opportunity Act"--authorizes local school boards to establish adolescent parent educational opportunity programs for pregnant or parenting minors.

SB 1179 Bergeson passed

Requires that pregnant or lactating students be elibible for nutrition program supplements.

CONNECTICUT

HB 6230 Savage-Johnson died

Would establish a program to provide grants to community agencies for case management services for adolescent parents; includes an appropriation.

HB 6900 Mushinsky, Cappelletti, Keeley died

Would provide for funding to expand three existing school-based health clinics.

HB 6902 Mushinsky, Cappelletti, Keeley died

Would establish a program of family life education.

HB 6913 Osler died

Would provide financial incentives to local and regional boards of education to establish programs in family life education and would ensure that such programs have community input in development.

HB 6936 Mushinsky, Cappelletti, Keeley died

Would establish within the Dept. of Health Services an adolescent pregnancy prevention program to provide grants to any municipality, private nonprofit agency, or community coordination agency for the establishment of adolescent pregnancy prevention programs.

HB 6937 Mushinsky, Cappelletti, Keeley died

Would provide that a minor may consent to and receive pregnancy prevention services without parental consent.

SA 85-103 Mushinsky, Cappelletti, Keeley, Stolberg
(HB 6938) passed

Establishes a teenage pregnancy prevention council.

PA 85-458 Mushinsky, Cappelletti, Kelley passed
(HB 6931)

Establishes a program to provide susidized job training to parents or dependent children under 20 and not attending school who receive AFDC.

PA 85-539 Eads, Roche passed
(SB 802)

Establishes a Young Parents Grant Program to assist local boards of education with establishment or maintenance of education programs with day care components for parenting students.

DELAWARE

HR 94 Maroney passed

Establishes a legislative task force on infant mortality that will address, among other things, the issue of adolescent pregnancy prevention and possible programs.

FLORIDA

HB 364 Watt et al. died
SB 524 died

Would require parental notification before an abortion can be performed on an unemancipated minor.

HB 409 Davis et al. died

Would require the Dept. of Education to establish a program whereby matching state funds would be provided to school districts to provide day care services to adolescent parents who are enrolled in secondary schools.

CS/HB 979 Weinstock — **died**

Would provide that alternative educational programs include educational programs designed to meet the special needs and interests of students who are pregnant, married, or parenting.

GEORGIA

HB 130 Smith et al. — **died**

Would require parental notification before an abortion can be performed on on an unemancipated minor.

ILLINOIS

SB 883 Holmberg — **passed**

Provides that school districts may offer parenting education instruction.

SB 1114 Kelly-Hudson — **died**

Would require parental notification before an unemancipated minor can obtain contraceptives.

SB 1383 Smith-Dawson — **died**

"Adolescent Pregnancy Prevention Act"--Would create an Advisory Council on Children and Families and establish a grant program for community-based teenage pregnancy projects.

INDIANA

SB 499 Gery-Michael — **died**

Would establish a grant program to provide services to pregnant and parenting adolescents.

MAINE

HB 387 Carrier — **died**
SB 1113 Hichens — **died**

Would require parental consent before an abortion can be performed on an unemancipated minor.

MASSACHUSETTS

SB 1037 Backman — **died**

Would require that insurance policies and employee's health benefits include coverage for a dependent's pregnancy, childbirth and related medical conditions.

MONTANA

HJR 19 Waldron et al. — passed

Urges the Dept. of Social and Rehabilitative Services to provide priority placement and referral services for pregnant teenagers.

NEVADA	SB 510	Rawson	passed	Requires parental notification before an abortion can be performed on an unemancipated minor.
NEW HAMPSHIRE	Ch. 681, Stat. of Nev. 1985 SB 96	Podles, Gordon	passed	Enables pregnant and parenting teenagers to give effective consent for medical treatment for themselves or their children.
NEW JERSEY	SB 347	Lipman, et al.	died	Would establish an adolescent pregnancy task force.
	SB 2902	Lombardi	died	Would establish a group residence pilot program for unmarried pregnant and parenting teenage girls.
	SB 2903	Lombardi	died	Would establish the New Jersey Maternity Residence Study Commission to determine the need for and feasibility of a group residence home for unmarried pregnant and parenting teenage girls.
	SB 2905	Rolison	died	Would direct the Dept. of Education to study alternative education programs to determine their effectiveness and whether there is a need for additional alternative education programs.
NEW YORK	SB 41-A	Halperin	died	Would require public secondary and post-secondary schools to provide students with information relating to birth control and family planning clinics.
NORTH CAROLINA	HB 1317	Etheridge	died	Would require parental notification if a minor receives contraceptives.
	HJR 275	Basnight	passed	Authorizes the Legislative Research Commission to study the teaching of adolescent sexuality in the schools.

OHIO	HB 28	Jones et al.	died	Would require that schools teach health education, including venereal disease education.
	HB 319	Luebbers et al.	died	Would require parental notificaton before an abortion can be performed on an unemancipated minor.
	HB 372	Sheerer et al.	died	Would require the State Board of Education to develop educational programs for pregnant and parenting teenagers.
OREGON	SB 409	Hannon et al.	died	Would require parental notification before an abortion can be performed on an unemancipated minor.
SOUTH DAKOTA	HB 1204	Wofford et al.	died	Would enable minors to obtain medical treatment, including contraceptives and pregnancy-related care, without parental consent.
TENNESSEE	HJR 83	DeBerry et al.	died	Would establish a special legislative task force to study teenage pregnancy and to make program recommendations.
TEXAS	HB 1023	Madla	passed	Establishes a maternal and infant health improvement services program that includes preventive, health, medical, and health education services designed to prevent adolescent pregnancy.
	HB 1515	Delco	died	Requires the State Board of Education to include reproduction and family life education in health education classes.
VERMONT	SB 126	Manchester	died	Would require parental notification before an abortion can be performed on an unemancipated minor.

VIRGINIA HB 1364 Morrison died

Would require parental consent before an abortion can be performed on an unemancipated minor.

WASHINGTON HB 1174 Lux died

Would establish a media campaign aimed at reducing the rate of teenage pregnancy.

C. NONLEGISLATIVE TASK FORCES

The following task forces related to teenage pregnancy and parenting are not statutorily based, nor were they informally formed by the legislature. Thus, they are considered executive or administrative initiatives. In some cases, however, legislators participate on these executive- or administrative-branch task forces.

COLORADO

Title:	**Teen Pregnancy and Parenting Task Force**
Structure:	Interdepartmental membership; Department of Social Services is the lead agency
Authorization:	Established at governor's request
Policy:	No legislative recommendations to date

FLORIDA

Title:	**Florida Task Force on Alternative Education**
Authorization:	Established at governor's request
Policy:	Teen pregnancy policy recommendations published in "Alternative Education: Excellence Through Choice: A Report to the Legislature," March 1985

Title:	**Teenage Pregnancy Prevention Task Force**
Structure:	Interdepartmental membership; Department of Health and Rehabilitative Services is the lead agency
Authorization:	Established by administrative order
Policy:	Policy recommendations due to be published in January 1986

ILLINOIS

Title:	**Equal Educational Opportunity Task Force**
Structure:	State Board of Education membership
Authorization:	Established by administrative order
Policy:	No policy recommendations to date

Title:	**Governor's Statewide Task Force on Adolescent Parent Support Services**
Structure:	Interdepartmental membership
Authorization:	Established at governor's request in 1982
Policy:	Comprehensive policy recommendations implemented in "Parents Too Soon" project

Title:	**Parents Too Soon Interagency Task Force**
Structure:	Interdepartmental membership
Authorization:	Established at governor's request

MARYLAND

Title: **Governor's Task Force on Teenage Pregnancy**
Structure: Appointed membership
Authorization: Established at governor's request
Policy: Report due to be published Fall 1985

Title: **Interdepartmental Committee on Teenage Pregnancy and Parenting in Maryland**
Structure: Interdepartmental membership; Department of Education is the lead agency
Authorization: Established by administrative order
Policy: No policy recommendations to date

MICHIGAN

Title: **Adolescent Parenting Task Force**
Structure: Membership represents the legislature, state agencies, private organizations
Authorization: Established at governor's request
Policy: Report due to be published in late 1985

MISSISSIPPI

Title: **Adolescent Pregnancy Task Force**
Structure: Membership represents state agencies, private organizations
Authorization: Established as part of Governor's Commission on Children and Youth

NEW JERSEY

Title: **Teenage Pregnancy Task Force**
Structure: Interdepartmental membership
Authorization: Established by administrative order

NEW YORK

Title: **Governor's Task Force on Teenage Pregnancy**
Structure: Membership represents the legislature, state agencies, private organizations
Authorization: Established at governor's request
Policy: Task force agenda published in "Setting Directions: Initial Report of the Governor's Task Force on Adolescent Pregnancy," February 1985

NORTH CAROLINA

Title: **Statewide Coalition on Adolescent Pregnancy**
Structure: Membership represents state agencies and private organizations

NORTH DAKOTA

Title: **Council on Problem Pregnancy**
Structure: Membership represents the state legislature, state agencies, private organizations

OREGON

Title: **Oregon Teenage Pregnancy Task Force**
Structure: Membership represents state agencies, private organizations

TENNESSEE

Title: **Committee on Adolescent Pregnancy**
Structure: Membership represents state agencies, private organizations
Policy: Many policy recommendations implemented; include passage of SJR 138 (1984) encouraging local school systems to include family life education in their curricula (See **Prevention of Unwanted Teenage Pregnancy** - Family Life Education)

Title: **Governor's Healthy Children Task Force**
Structure: Membership represents five state departments and agencies
Authorization: Established as outgrowth of Governor's Task Force on Mental Retardation Prevention
Policy: Policy recommendations of original task force implemented; include provision of prenatal care services statewide; passage of SJR 138 (1984) encouraging local school systems to include family life education in their curricula; as well as other programs relating to child health.

VIRGINIA

Title: **School-Age Parents Committee**
Structure: Established as advisory group to the Division of Children
Policy: Has disseminated teenage pregnancy information, sponsored a statewide media campaign, promoted family life education, sponsored a conference on teenage fathers

WEST VIRGINIA

Title: **State Task Force on Adolescent Pregnancy and Parenting**
Structure: Membership represents state agencies, school systems, health agencies, private organizations
Policy: Has issued policy recommendations

WISCONSIN

Title: **Special Committee on Pregnancy Options**
Structure: Membership represents the state legislature, private organizations
Authorization: Established by Legislative Council
Policy: Has issued a series of information memoranda exploring policy options

D. NONLEGISLATIVE PROGRAMS

The following projects and programs related to teenage pregnancy and parenting are not statutorily based, but executive, administrative, or public/private ventures. Many of these programs, however, receive some state funding, so that while they may not be a legislative initiative per se, they have received legislative sanction.

ALABAMA

Title: **Teen-PEP (Parents Encouraging Parents)**
Contact: Administered by Department of Pensions and Security, (205) 847-2204
Purpose: Designed to prevent child abuse by parenting teenagers through parenting education and referrals
Funding: Approximately $5,000 in Children's Trust Fund money from state legislature

ARKANSAS

Title: **Teen Parenting Program**
Contact: The Parent Center, (501) 372-6890
Purpose: Offers school-based alternative high school education to pregnant teenagers, along with specialized health and social services
Funding: $16,500 in state monies in 1985-86, as well as federal and private monies

CALIFORNIA

Title: **Teenage Pregnancy Project (TAPP)**
Contact: San Francisco Family Service Agency and the Unified School District of San Francisco
Purpose: Uses case management techniques to offer pregnant and parenting adolescents comprehensive services that can include pregnancy testing; preventive health care services; nutrition guidance; counseling; pediatric, mental health, and family planning referrals; venereal disease screening; educational, social, and child care services; and maternity homes. TAPP also has services aimed at encouraging young fathers to accept their family responsibilities and develop their effectiveness as parents. Services are delivered in conjunction with the Pregnant Minors Program (See **Social Services -** Alternative Education Programs). The program reportedly has reduced the high school dropout rate, increased the school enrollment and high school graduation rates, and reduced the expected incidence rates for low birthweight babies and repeat pregnancies.
Funding: Federal, state, and private monies

Title: **Adolescent Family Life Program**
Contact: Department of Health Services, (916) 322-6587
Purpose: Seeks to assure that pregnant adolescents receive comprehensive, continuous prenatal care in order to deliver healthier babies; to establish networks within regions to provide necessary services including medical care, psychological and nutritional counseling, academic and vocational programs, and day care; to provide a case manager for each family unit; to develop an adolescent life options program (primary pregnancy prevention); and to develop a data base to measure outcomes of adolescent pregnancies
Funding: Received $5,000,000 in state appropriations in 1985-86

CONNECTICUT

Title: **Adolescent Pregnancy Prevention and Services Program**
Contact: Department of Health Services, (203) 566-2279
Purpose: Provides health care, social services, parenting education, and educational and vocational counseling
Funding: $166,683 in federal Maternal and Child Health block grants in 1983-84

DELAWARE

Title: **Delaware Adolescent Pregnancy Initiative**
Contact: Department of Public Instruction
Purpose: Provides alternative education in conjunction with prenatal care and day care services
Funding: $300,000 a year in state appropriations

FLORIDA

Title: **The Bridge**
Contact: Family Health Services, Inc., (904) 354-7799
Purpose: Offers comprehensive services to the broader adolescent population (clinical health services; substance abuse, psychological, job, educational, nutritional, and peer support counseling; referrals; and classes on various topics of interest to teenagers)
Funding: Some state funding through Department of Health and Rehabilitative Services, as well as private monies

Title: **Delta Sigma Theta Sorority ("Apple-P")**
Contact: Department of Health and Rehabilitative Services, (904) 487-2705
Purpose: Seeks to prevent teenage pregnancy through adolescent sexuality workshops, training sessions on postponing sexual involvement, peer counseling, pregnancy counseling, family planning counseling, and referrals. Also seeks to improve parent-teenager communication.
Funding: Some state funding through Department of Health and Rehabilitative Services

GEORGIA

Title: **Perinatal Program**
Contact: Department of Human Resources, Division of Public Health, (404) 656-6353
Purpose: Provides teen peer counseling services, which involves training teenagers in health and sexuality issues and using them as resources for other teenagers
Funding: Federal and state monies

Title: **Postponing Sexual Involvement Program**
Contact: Grady Hospital, (404) 588-4204
Purpose: Seeks to prevent teenage sexual activity through a program targeted to young teenagers that teaches them about the responsibilities and consequences of sexual involvement
Funding: Private funding

HAWAII

Title: **Adolescent Family Life Project**
Contact: Department of Health, (808) 548-6505
Purpose: Works to develop community task forces that will coordinate existing services into a case management system
Funding: Received $145,000 from state legislature for 1985-86

ILLINOIS

Title: **Parents Too Soon**
Contact: Department of Public Health, (217) 782-4977
Department of Public Aid
Department of Children and Family Services, (217) 785-2509
State Board of Education
Department of Commerce and Community Affairs
Department of Alcoholism and Substance Abuse
Department of Mental Health and Developmental Disabilities, (217) 782-2243
Governor's Planning Council on Developmental Disabilities
Department of Employment Security
Division of Services for Crippled Children, University of Illinois, (217) 782-7001
Purpose: Seeks to prevent teenage pregnancy, improve the health of teen mothers and their babies, and help teenage parents to be better parents
Funding: $12.9 million in federal block grant monies in 1984

KANSAS

Title: **Healthy Start, Home Vistor Program**
Contact: Department of Health and Environment, (913) 862-9360
Purpose: Seeks to prevent teenage child abuse through individualized, home-based parenting support
Funding: State funding

LOUISIANA

Title: **Teen Parent Center**
Contact: Division of Women's Services, (504) 342-2715
Purpose: Provides parenting teenagers with comprehensive services, including child care
Funding: Some state funding

MAINE

Title: **Statewide Service Providers Coalition on Adolescent Pregnancy**
Contact: Department of Human Services, (207) 289-2736
Purpose: Promotes prevention, self-sufficiency and the reduction of infant mortality rates through a network of local service providers
Funding: Federal block grant funding

MARYLAND

Title: **The Self Center**
Contact: The Johns Hopkins Adolescent Pregnancy Prevention Program, (301) 955-2865
Purpose: Provides in-school education and counseling to 10 to 15-year-olds to prevent pregnancy
Funding: Federal and private funding

Title: **The Johns Hopkins Center for Teenage Parents and Their Infants**
Contact: Johns Hopkins Hospital, (301) 955-2976
Purpose: Provides hospital-based health care, education, and counseling for low-income pregnant and parenting teenagers; coordinates services with the Self Center and local schools
Funding: Private funding

MASSACHUSETTS

Title: **Services to Young Parents**
Contact: Department of Social Services, (617) 727-0900
Purpose: Provides educational and vocational services to parenting teenagers
Funding: $3.6 million from state legislature in 1983 and 1984 (funding includes Pregnant and Parenting Adolescent Program appropriation)

Title: **Pregnant and Parenting Adolescent Program**
Contact: Department of Public Health, (617) 727-2700
Purpose: Provides health and social services to both pregnant and parenting teens
Funding: Received $3.6 million from state legislature in 1983 and 1984 (funding includes Services to Young Parents program appropriation)

Title: **Family Support Center**
Contact: Department of Human Resources, (301) 383-5528
Purpose: Through contacts with local agencies, will provide job preparation skills and training, educational services, parenting support activities, peer support, medical and diagnostic assessment services to identify developmental problems in young parents or their children, health care, family planning counseling, and other services designed to prevent teenage pregnancy and to insure that parenting teenagers receive the services they need
Funding: $297,000 in state funds, FY 1986

Title: **Educational Efforts to Reduce Teenage Pregnancy**
Contact: Department of Health and Mental Hygiene, Preventive Medicine Administration, (301) 383-2732
Purpose: Will provide specialized health education to students in a cluster of Baltimore junior and senior high schools targeted on the basis of high teenage pregnancy rates
Funding: $60,000 in state funds, FY 1986

MICHIGAN

Title: **Teenage Parent Program**
Contact: Department of Social Services, (517) 373-2035
Purpose: Contracts with local service providers to provide comprehensive prevention and parenting services, including parenting education and residential facilities; promotes prevention of teenage pregnancy through statewide chastity media campaign

MINNESOTA

Title: **St. Paul Maternal and Infant Care Project/Adolescent Health Services Project**
Contact: St. Paul-Ramsey Medical Center
Purpose: Provides primary general adolescent health services, including primary pregnancy prevention in four school-based health clinics. (For more information on school-based health clinics, see **Public Policy Strategies**)
Funding: Federal funding

NEW JERSEY

Title: **Healthy Mothers, Healthy Babies**
Contact: Department of Health, (609) 292-7837
Purpose: Targets adolescent pregnancy in its infant mortality prevention program; offers health and family planning services
Funding: $1.83 million in Maternal and Child Health block grant money in 1984

NEW MEXICO

Title: **Perinatal Program/Young Parents Center**
Contact: New Futures School, (505) 883-5680
Purpose: An alternative school for both pregnant and parenting teenagers, educational/vocational counseling, on-site child care and health services
Funding: Local school district funding, federal and private monies

Title: **Adolescent Health Program**
Contact: Department of Health and Environment, (505) 827-5671
Purpose: Provides school-based health clinics in several locations
Funding: Federal grant money

NEW YORK

Title: **Adolescent Pregnancy Program**
Contact: Department of Health, (518) 474-2011
Purpose: Provides family planning and prenatal care
Funding: Federal funding

Title: **Project Redirection**
Contact: Manpower Demonstration Research Corporation, (212) 730-5200
Purpose: Provides community-based social services, information and referrals, employment preparation and vocational training. Has been implemented also in Boston, Massachusetts; Phoenix, Arizona; and Riverside, California.
Funding: Federal and private funding

Title: **Governor's Adolescent Pregnancy Prevention and Services Program**
Contact: The Council on Children and Families, the Departments of Education, Health, (518) 474-2011, Social Services, (518) 474-2121 and the Division for Youth
Purpose: Seeks to prevent adolescent pregnancy through coordinated, comprehensive services and broad community involvement. Provides funding to communities to develop and expand programs designed to prevent teenage pregnancy or to meet the service needs of parenting teenagers.
Funding: State appropriations pursuant to Chapter 974 of the Laws of 1984 and Chapter 50 of the Laws of 1984

Title: **Governor's Initiative on Adolescent Pregnancy**
Contact: Governor's Office
Purpose: Seeks to reduce the incidence of teenage pregnancy, foster the better use of existing support services for parenting teenagers, and create new services where they are needed by means of 1) the Adolescent Pregnancy, Prevention and Services Program, and 2) the Governor's Task Force on Adolescent Pregnancy
Funding: State funding

NORTH CAROLINA

Title: **Adolescent Pregnancy Project**
Contact: Department of Human Resources, (919) 733-4471
Purpose: Provides parenting education and support service to pregnant teenagers under age 16
Funding: Appropriations through the state legislature

Title: **Adolescent Parenting Project**
Contact: Department of Social Services
Purpose: Provides parenting education and social services to teen parents
Funding: Appropriations through the state legislature

Title: **Adolescent Pregnancy and Prematurity Prevention Project**
Contact: Department of Human Resources, Division of Health Services, (919) 733-3446
Purpose: Seeks to prevent adolescent pregnancy and prematurity through 1) public campaign stressing abstinence; and 2) provision of family planning services, prenatal and postpartum medical care to all women, including adolescents. Provides grants to community-based programs and projects to accomplish these goals. Coordinated by Adolescent Pregnancy and Prematurity Prevention Advisory Board.
Funding: Over $6.0 million for 1985-1987 from state legislature

RHODE ISLAND

Title: **Ethnic Adolescent Family Life Project**
Contact: Department of Health and Human Services, Office of Adolescent Pregnancy Programs
Purpose: Provides health care, counseling, and parenting education to inner city youth
Funding: Appropriations through the state legislature

Title: **Adolescent Pregnancy and Parenting Project**
Contact: Department of Social and Rehabilitative Services, (401) 464-2484, in cooperation with other state and private agencies
Purpose: Provides parenting education, counseling, educational/vocational training, and referrals
Funding: State and private funding

Title: **Rainbow Center**
Contact: Department of Social and Rehabilitative Services, (401) 464-2484, in cooperation with other state agencies
Purpose: Provides school based health care, counseling, and education services
Funding: Federal, state, and private funding

Title: **New Directions**
Contact: Women and Infants Hospital of Rhode Island, (401) 272-1100
Purpose: Provides school-based health services, social services. and parenting education
Funding: Some state funding

SOUTH CAROLINA

Title: **Resource Mothers Program**
Contact: Mcleod Regional Medical Center, (803) 667-2387
Purpose: Seeks to reduce rates of infant mortality and teenage pregnancy by providing pregnant and parenting teenagers with a trained resource person who encourages prenatal care and teaches parenting skills
Funding: Private funding

Title: **Teen Companion Program**
Contact: Department of Social Services, (803) 758-3244
Purpose: Seeks to improve parent/child communication and to provide preventive health education to teenagers in families receiving AFDC through adult campanions
Funding: State legislative funding for 1985-86

Title: **Comprehensive Adolescent System of Health Project**
Contact: Department of Health and Environmental Control, (803) 758-5443, and Department of Social Services, (807) 758-3244
Purpose: Provides preventive education, school health care, and referrals
Funding: Some state funding

TENNESSEE

Title: **Governor's Healthy Children Initiative**
Contact: Department of Health and Environment
Purpose: Seeks to reduce infant mortality rates by encouraging better prenatal care through statewide media campaign; targets pregnant teenagers
Funding: Appropriations from state legislature

TEXAS

Title: **Education for Responsible Parenthood**
Contact: Dallas Independent School District, (214) 426-3234
Purpose: Seeks to prevent teenage pregnancy through sex education and family planning services; seeks to improve teenage parenting through family life education, social services referrals; seeks to improve maternal and child health through prenatal care program; includes school-based health clinic
Funding: Local funding, including school district monies

UTAH

Title: **Services for Unwed Parents**
Contact: The Church of Latter Day Saints (the Mormans)
Purpose: Provides spiritual counseling, guidance counseling, medical care, residential facilities, education, one-on-one support, child placement services
Funding: Private funding

VERMONT

Title: **Bennington Teen Pregnancy Project**
Contact: Agency of Human Services, (802) 241-2220
Purpose: Provides case management services, counseling, referrals
Funding: Some state funding

VIRGINIA

Title: **Resource Mothers Program**
Contact: Department of Health, (804) 786-3561
Purpose: Seeks to prevent infant mortality through individualized support persons who encourage good prenatal care
Funding: Federal block grant money

Title: **Better Beginnings Grant Program**
Contact: Department of Mental Health/Mental Retardation, (804) 786-3921
Purpose: Provides grant money to projects to prevent teenage pregnancy
Funding: $150,000 in state appropriations for 1985

WASHINGTON

Title: **Adolescent Pregnancy Program**
Contact: Department of Social and Health Services, (206) 753-7039
Purpose: Provides outreach, counseling, and services to promote self-sufficiency
Funding: Some state funding

WISCONSIN

Title: **Adolescent Pregnancy Prevention Project**
Contact: Department of Health and Social Services, (608) 266-3681
Purpose: Seeks to prevent teenage pregnancy through a program of educational workshops and life skills training
Funding: Federal block grant money

Title: **Health Problems Education Program**
Contact: Department of Public Instruction, (608) 266-1649
Purpose: Optional school health curriculum, which includes sex education
Funding: $300,000 in 1984-85 from state legislature

Title: **Pregnant or Parenting Adolescent Self-Sufficiency Project**
Contact: Department of Health and Social Services, (608) 266-3681
Purpose: Provides educational and vocational counseling to encourage self-sufficiency
Funding: Federal funding

Title: **Choices Program**
Contact: Department of Health and Social Services, Division of Community Services, (608) 266-2701
Purpose: Provides educational counseling and life skills training to prevent teenage pregnancy
Funding: $50,000 in state funding for 1985-86 as well as federal funding

E. FURTHER RESOURCES[60]

The Alan Guttmacher Institute
360 Park Ave., S., 13th Fl.
New York, NY 10010
(212) 865-5858

President:	Jeanne I. Rosoff
Founded:	1968. To foster sound public policies on voluntary fertility control and population issues and to develop adequate family planning programs through policy analysis, public education and research. Offers technical assistance.
Publications:	1) Planned Parenthood Washington Memo, biweekly; 2) Family Planning Perspectives, bimonthly; 3) International Family Planning Perspectives, quarterly; 4) Annual Report; also publishes research reports.
Affiliated with:	Planned Parenthood Federation of America

Center for Population Options
2031 Florida Ave., N.W.
Washington, DC 20009
(202) 387-5091

President:	Judith Senderowitz
Founded:	1980. Objectives are to reduce the incidence of unintended teenage pregnancy and childbearing through education to motivate teens to think and act responsibly about birth control and parenting; to conduct an advocacy campaign to assure minors' access to family planning information and services. Conducts programs to ensure that adolescents have the information necessary to make responsible decisions on reproductive issues. Operates through channels teens respect including rock music radio stations, prime-time television programs, and youth-serving agencies. Through the Adolescent Media Project, attempts to reach teenagers by using messages from people they admire, including athletes and rock stars. Provides technical assistance on program planning, implementation, and evaluation of sexuality education in the United States, and through International Clearinghouse on Adolescent Fertility, to health, education, and social services workers worldwide. Monitors legislative activities for various organizations concerned with youth issues; sponsors Reproductive Rights Caucus related to the television and motion picture industry. Maintains 2,500-volume library on sexuality education, family planning, and other adolescent fertility-related issues.
Committees:	Caucus for Women's Right to Choose

Publications: 1) Issues on Action Update, quarterly; 2) Population Options, quarterly; 3) Information Summary and Program Focus (in English, French, and Spanish), semi-annual; also publishes fact sheets and resource guides and produces radio public service announcements.

Convention/Meeting: Semiannual

Children's Defense Fund
122 C St., N.W.
Washington, D.C. 20001

President: Marian Wright Edelman

Founded: 1973. Staff: 60. Provides systematic, long-range advocacy on behalf of the nation's children. Engages in research, public education, monitoring of federal agencies, litigation, legislation drafting and testimony, assistance to state and local groups, and community organizing in areas of child welfare, child health, child care and development, education, family services, child mental health and teenage pregnancy.

Advocates: access to existing programs and services; creation of new programs and services where necessary; enforcement of cival rights laws; program accountability; strong parent and community role in decision-making; and adequate funding for essential programs for children. Maintains speakers bureau; compiles statistics.

Special Services: Toll-free number, (800) 424-9602

Publications: CDF Reports (newsletter), monthly; also publishes series of books and handbooks on issues affecting children.

Convention/Meeting: Annual Conference

Choice
1501 Cherry St.
Philadelphia, PA 19102
(215) 567-2904

President: Ann Ricksecker, Executive Director

Founded: Staff: 20. Concerned with reproductive health care and information. Goal of CHOICE is to make available high-quality medical and social services to all people in every economic level. Programs include resource information center; consulting service; teen improvisational theater group; telephone hot line for counseling, information, and referral. Sponsors training programs, seminars, and workshops. Maintains library. Publishes paperback for adolescents on reproductive health, guide to women's health rights in Pennsylvania, and books on parents talking to children about sexuality and options in childbirth. Also known as Concern for Health Options: Information, Care and Education.

Family of the Americas Foundation
308 Tyler St.
Covington, LA 70433
(504) 892-4046

President: Mercedes Wilson, Executive Director

Founded: 1977. Members: 270. Staff: 4. Promotes teachings of the Billings Ovulation Method of birth regulation. Holds conferences to educate government officials on the use of natural family planning in developed and developing countries. Participates in conferences with medical, religious, government, and educational personnel. Assists parents in providing effective sex education for their children; teaches adolescents about fertility and the importance of protecting their capability for procreation and accepting responsibility for their sexual behavior. Provides referral services and technical assistance; maintains library of natural family planning reference materials. Is developing a standard teacher certification process; a procedure for continuous evaluation of existing teachers; and plans for review, revision, and consolidation of instructional materials and assessment of the needs of existing teachers. Plans include production of video tape packages for instruction, education, and publicity; organization of conferences for adolescent and family education; development and dissemination of an improved standardized charting procedure.

Publications: 1) WOOMB-USA News, quarterly; 2) Directory, annual; also publishes The Ovulation Method of Birth Regulation (book).

Family Resource Coalition
230 N. Michigan Ave., Room 1625
Chicago, Illinois 60601

President: Linda Lipton, Director

Founded: 1982. Members: 1500. Nationwide, community-based family support organizations concerned with child development. Seeks to: ensure the growth and improve the quality of family resource programs providing access to information and support necessary to strengthen family and community life and enhance the health, growth, and development of children; educate public, government, and corporate leaders about the needs of families with young children and the way in which family resource programs can meet these needs; enable family resource programs to become better family advocates within their communities through lobbying and technical assistance programs.

Publications: Report, 3/year; also publishes Program to Strengthen Families: A Resource Guide.

Convention/Meeting: Annual

National Organization of Adolescent Pregnancy and Parenting
6813 Winifred
Ft. Worth, TX 76133
(817) 336-8311

President: Toni L. Brown
Founded: 1979. Members: 800. Professionals, paraprofessionals, parents, young people, and other concerned individuals. Purpose is to promote comprehensive and integrated services designed for preventing and resolving of problems associated with adolescent parenthood. Plans include providing advocacy services at local, state, and national levels for pregnant adolescents, school-age parents, and their children; sharing information and promoting public awareness; and conducting conferences and workshops to encourage the establishment of effective programs.
Publications: Network, quarterly.
Convention/Meeting: Annual

Urban Institute
2100 M. St., N.W.
Washington, D.C. 20037

President: William Gorham
Founded: 1968. Staff: 155. Founded to meet the need for an indpendent, broadly based, research organization to conduct studies and propose solutions to the nation's social and economic problems. Works closely with government officials and administors to improve decisions and performance by providing better information and analytic tools. Is linked with urban researchers in government, universities, and other research organizations. Aims to translate research findings into forms that can be readily understood and used. Maintains library of 20,000 volumes on social science topics including teenage pregnancy.
Publications: Policy and Research Report, 3/year; also publishes reports, books, papers, and reprints.

F. RESEARCH METHODOLOGY

In the summer of 1985, the National Conference of State Legislatures' Teenage Pregnancy Project conducted a 50-state telephone survey on legislative initiatives that address the problem of teenage pregnancy and parenting. Respondents were legislative council research analysts, legislative committee staff persons, and in some cases, state agency personnel. All 50 states responded to the survey.

Two weeks prior to the telephone survey, respondents were mailed a letter describing the content of the survey and asking that any pertinent written materials and legislation be sent to the NCSL office by a specific date. The purpose of the letter was to enable respondents to prepare in advance for the survey call.

The survey focused on the following information: 1) what legislation directly related to adolescent pregnancy and parenting has been adopted to date, proposed in the current legislative session, or is being considered for 1986; 2) what other legislative strategies, such as special committees, task forces, hearings, or studies, are being pursued or might be pursued in 1986; 3) what state or local programs seek to prevent adolescent pregnancy or meet the needs of parenting teenagers.

Information on legislation, task forces, and programs that was obtained from the states was catalogued in a file organized by state. Material from the files then was abstracted in a notebook, organized by state under the categories of legislation, task forces, and programs. The notebook serves as a quick reference to file material and helped answer information requests from legislators and representatives of national organizations over the course of the project.

G. THE NCSL TEENAGE PREGNANCY PROJECT

In May 1985, the National Conference of State Legislatures began a special project designed to assist state legislatures in developing effective public policy to address the issues of teenage pregnancy and parenthood.

The Teenage Pregnancy Project was conducted over a six-month period, from May 1 to October 31, 1985, with support from the Ford Foundation. The project was charged with four specific tasks: development of

(1) a national advisory committee of organizations currently working on the issue of teenage pregnancy;

(2) a 50-state survey of legislative strategies on the topic;

(3) a special report with sections on state legislative strategies, policy implications and recommendations, and nonlegislative initiatives and resources to address the problem; and

(4) a briefing program on teenage pregnancy that was held at the NCSL Annual Meeting in Seattle, Washington, August 5-9, 1985.

Through the successful completion of these activities, the project has provided a nationwide analysis of the role and contribution of state legislatures in developing public policy strategies regarding adolescent pregnancy and parenting. The project also has assisted state legislators in learning from their colleagues, thereby increasing interstate communication and cooperation. By enriching the knowledge base of those working to address the needs of pregnant teenagers, the Project hopes to ultimately enhance the quality of state-level public policy on this issue.

NOTES

1. Elise F. Jones et al., "Teenage Pregnancy in Developed Countries: Determinants and Policy Implications," Family Planning Perspectives 17, no. 2 (March/April 1985), p. 53.
2. For more information, see Kristin A. Moore, Adolescent Pregnancy and Motherhood: An Inventory of Federal Health, Nutrition and Related Programs to Serve Teens (Washington, D.C.: The Urban Institute, 1983).
3. Elise F. Jones et al., "Teenage Pregnancy in Developed Countries," p. 53.
4. The Alan Guttmacher Institute, "U.S. and Cross-National Trends in Teenage Sexual and Fertility Behavior" (New York: The Alan Guttmacher Institute).
5. Deirdre Wulf and Richard Lincoln, "Doing Something About Teenage Pregnancy," Family Planning Perspectives 17, no. 2 (March/April 1985), p. 52.
6. The Alan Guttmacher Institute, Teenage Pregnancy: The Problem That Hasn't Gone Away (New York: The Alan Guttmacher Institute, 1981), p. 23.
7. Jones et al., "Teenage Pregnancy in Developed Countries," p. 56.
8. Kristin A. Moore, "Facts at a Glance" (Washington, D.C.: The Urban Institute), p. 1.
9. Ibid.
10. Ibid.
11. AGI, The Problem That Hasn't Gone Away, p. 11.
12. Karen Pittman, Preventing Children Having Children (Washington, D.C.: The Children's Defense Fund, 1985), p. 15.
13. AGI, The Problem That Hasn't Gone Away, p. 23.
14. AGI, "U.S. and Cross-National Trends." Figures for abortions may be inaccurate due to incomplete reporting.
15. U.S. Dept. of Health and Human Services, "Trends in Teenage Childbearing: United States 1970-1981," 1984, p. 2.
16. Moore, "Facts," p. 1.
17. Ibid.
18. National Committee for Adoption, "Unmarried Parents Today," Vol. IV, Bulletin #3, June 26, 1985.

19. Pittman, Preventing Children Having Children," p. 14.

20. Ibid., p. 10.

21. Moore, "Facts," p. 1.

22. Ibid.

23. Pittman, Preventing Children Having Children, p. 5.

24. AGI, The Problem That Hasn't Gone Away, p. 30.

25. Ibid.

26. Moore, "Facts," p. 2.

27. AGI, The Problem That Hasn't Gone Away, p. 31.

28. Pittman, Preventing Children Having Children, p. 5.

29. Ibid., p. 4.

30. Ibid., p. 5.

31. AGI, The Problem That Hasn't Gone Away, p. 34.

32. Ibid., p. 30.

33. Ibid., p. 35.

34. Ibid., p. 29.

35. Ibid.

36. The Children's Defense Fund, The Data Book: A Summary. Adolescent Pregnancy Prevention: Prenatal Care Campaign (Washington, D.C.: The Children's Defense Fund, 1985), p. 3.

37. AGI, The Problem That Hasn't Gone Away, p. 29.

38. CDF, The Data Book, p. 2.

39. AGI, The Problem That Hasn't Gone Away, p. 29.

40. CDF, The Data Book, p. 2.

41. Ibid., p. 3.

42. Pittman. Preventing Children Having Children, p. 5.

43. Leslie Zamarripa, "Mom, Dad . . . I'm Pregnant." A Special Report on Adolescent Pregnancy to Senator Gary Hart and Senator Dan McCorquodale (State of California: Senate Office of Research, 1984), pp. 6-7.

44. The State Boards of Education of Maryland and New Jersey, however, require by administrative rule that family life education be taught in all public schools.

45. State of Connecticut, Report of the Task Force on Education to Prevent Adolescent Pregnancy, February 1, 1985, p. 25.

46. California SB 99, 1984-85 session.

47. It was reported in the February 1983 issue of "Public Policy Issues in Brief" (Vol. 3, no. 1) published by The Alan Guttmacher Institute that Kentucky, Louisiana, Massachusetts, North Dakota, Pennsylvania, and Rhode Island also have parental consent requirements and that Arizona, Idaho, Maryland, Minnesota, Montana, Nebraska, and Utah have parental notification statutes.

48. Phyllis Smith Nickel and Holly Delaney, Working with Teen Parents: A Survey of Promising Approaches (Chicago: Family Focus, Inc., 1985), p. 49.

49. Douglas Kirby, School-Based Health Clinics: An Emerging Approach to Improving Adolescent Health and Addressing Teenage Pregnancy (Washington, D.C.: Center for Population Options, April 1985), p. 7.

50. Smith Nickel and Delaney, Working with Teen Parents, p. 49.

51. Kristin Moore and Martha Burt, Private Crisis, Public Cost: Policy Perspectives on Teenage Childbearing. (Washington D.C.: The Urban Institute Press, 1982), p. 134.

52. These issues were identified by Moore and Burt in Private Crisis, Public Cost, p. 140.

53. State of Connecticut, Report of the Task Force, p. 19.

54. Center for Population Options, "The Facts: Sexuality Education and Parental Involvement," November 1984.

55. Ibid.

56. Center for Population Options, "The Facts: Sexuality Education," November 1984.

57. Ibid.

58. See Moore and Burt, Public Crisis, Public Cost, p. 140.

59. State of Connecticut, Report of the Task Force, p. 24.

60. From Encyclopedia of Associations: 1986, Vol. 1: National Organizations of the U.S., 20th Edition, Katherne Gruber and Iris Cloyd, eds (Detroit: Gale Research Company, 1986).

61. Taken in part from Smith Nickel and Delaney, Working with Teen Parents, pp. 101-103.

SELECTED BIBLIOGRAPHY[61]

Anastasiow, Nicholas et al. The Adolescent Parent. Baltimore: Paul Brookes Publishing Company, 1982.

Baldwin, Wendy, and Cain, Virginia. "The Children of Teenage Parents." In Teenage Sexuality, Pregnancy, and Childbearing, Furstengerg, Frank, Lincoln, Richard, and Menken, Jane, eds. Philadelphia: University of Pennsylvania Press, 1981.

Bolton, Frank G., Jr. The Pregnant Adolescent: Problems of Premature Parenthood. Vol. 100. Beverly Hills, Calif.: Sage Library of Social Research, 1980.

Card, Josefina, and Wise, Lauress. "Teenage Mothers and Teenage Fathers: The Impact of Early Childbearing on the Parents' Personal and Professional Lives." Family Planning Perspectives 10 (1978).

Cartoff, Virginia. "The Negative Effect of AFDC Policies on Teenage Mothers." Child Welfare 61, no. 5, (1982).

Children's Defense Fund. The Data Book: A Summary. Adolescent Pregnancy Prevention: Prenatal Care Campaign. Washington, D.C.: Children's Defense Fund, 1985.

Chilman, Catherine, ed. Adolescent Pregnancy and Childbearing: Findings from Research. Washington D.C.: U.S. Department of Health and Human Services, NIH publication #81-2077, December 1980.

__________. "Teenage Pregnancy: A Research Review." Social Work 24 (November 1979): 492-498.

Dryfoos, Joy G. "A New Strategy for Preventing Unintended Teenage Pregnancy." Family Planning Perspectives 69, no. 4, (July/August 1984): 193-195.

Field, Tiffany et al. "Effects of Parent Training on Teenage Mothers and Their Infants." Pediatrics 69, no. 6 (June 1982): 705-707.

Fisher, Susan M., and Rudd Scharf, Kathleen. "Teenage Pregnancy: An Anthropological, Sociological, and Psychological Overview." Adolescent Psychiatry Vol. VIII. Chicago: University of Chicago Press, 1980, pp. 393-403.

Frank, Daniel. Deep Blue Funk and Other Stories: Portraits of Teenage Parents. Chicago, Ill.: Ounce of Prevention Fund, University of Chicago Press, 1983.

Furstenberg, Frank Jr., Menken, Jane, and Lincoln, Richard. Teenage Sexuality, Pregnancy, and Childbearing. Philadelphia: University of Pennsylvania Press, 1981.

__________. Unplanned Parenthood: Social Consequences of Teenage Childbearing. New York: The Free Press, 1976.

Goldstein, H., and Wallace, H. M. "Services for and Needs of Pregnant Teenagers in Large Cities of the United States, 1976." Public Health Reports 93, no. 46 (1976): Table 4.

Governor's Task Force on Adolescent Pregnancy. Setting Directions: Initial Report on the Governor's Task Force on Adolescent Pregnancy. State of New York, February 1985.

Grow, Lucille J. Early Childbearing by Young Mothers: A Research Study. Washington, D.C.: Child Welfare League of America, 1979.

The Alan Guttmacher Institute. Teenage Pregnancy: The Problem That Hasn't Gone Away. New York: The Alan Guttmacher Institute, 1981.

Haggstron, Gus, Blaschke, Thomas, Kanouse, David, Lisowski, William, and Morrison, Peter. Teenage Parents: Their Ambitions and Attainments. Santa Monica, Calif.: Rand Corp., 1981.

Hall, William T., and Young, Christine L. Proceedings: Health and Social Needs of the Adolescent--Professional Responsibilities. Pittsburgh: University of Pittsburgh Graduate School of Public Health, 1979.

Howard, Marion. Only Human: Teenage Pregnancy and Parenthood, A Continuum Book. New York: Seabury Press, 1975.

J. R. B. Associates. Final Report on National Study of Teenage Pregnancy. McLean, Va.: J. R. B. Associates, 1981.

Jones, Elise.; Forrest, Jacqueline Darroch; Goldman, Noreen; Henshaw, Stanley K.; Lincoln, Richard; Rosoff, Jeannie I.; Westoff, Charles F., and Wulf, Deirdre. "Teenage Pregnancy in Developed Countries: Determinants and Policy Implications." Family Planning Perspectives 17 no. 2 (March/April 1985): 53-63.

Journal of Social Issues. Teenage Parenting: Social Determinants and Consequences.
Vol. 36. 1980.

Kirby, Douglas, Ph.D. School-Based Health Clinics: An Emerging Approach to Improving Adolescent Health and Addressing Teenage Pregnancy. Washington, D.C.

Klerman, Lorraine. "Evaluating Service Programs for School-Age Parents: Design Problems." Evaluation and the Health Professions (March 1979): 55-70.

Levering, Carolyn, and Dunckle, Jeannette. Teenage Pregnancy and Parenthood. New York: The Association of Junior Leagues, Inc., 1981.

Lindsay, Jeanne. Pregnant Too Soon: Adoption Is an Option. St. Paul, Minn.: EMC Publishing, 1980.

Lissovoy, Vladimir. "Child Care by Adolescent Parents." In Children Today (July/August 1973): 22-25.

McAnarney, Elizabeth, and Elster, Arthur. "Medical and Psychological Risks of Pregnancy and Childbearing During Adolescence." Pediatric Annals 9, no. 3 (March 1980): 11-20.

McCarthy, James, and Radish, Ellen S. "Education and Childbearing Among Teenagers." Family Planning Perspectives 14, no. 3 (May/June 1982).

McGee, Elizabeth. Too Little, Too Late: Services for Teenage Parents. A Report to the Ford Foundation, October 1982.

Miller, Shelby. Children as Parents, A Progress Report on a Study of Childbearing Among 12-15 Year Olds. Child Welfare League of America, 1981.

Moore, Kristin, and Burt, Martha. Private Crisis, Public Cost: Policy Perspectives on Teenage Childbearing. Washington, D.C.: The Urban Institute Press, 1982.

New York State Temporary Commission To Revise The Social Services Law. Teenage Motherhood and Public Dependency: New York State's Response to the Issue of Adolescent Pregnancy. Study Report No. 10. March 1983.

Ooms, Theodora, ed. Teenage Pregnancy in a Family Contest. Philadelphia: Temple University Press, 1981.

Osofsky, Joy D., Ph.D., and Osofsky, Howard J., M.D., Ph.D. "Teenage Pregnancy: Psychological Considerations." Clinical Obstetrics and Gynecology 21, no. 4 (December 1978): 1161-1173.

Pittman, Karen. Preventing Children from Having Children. Washington, D.C.: The Children's Defense Fund, 1985.

Sandler, Howard, Vietze, Peter, and O'Connor, Susan. "Obstetric and Neonatal Outcomes Following Intervention with Pregnant Teenagers." Teenage Parents and Their Offspring. Scott, Keith, Field, Tiffany, and Robertson, Euan, eds. New York: Grune and Stratton, 1981.

Scott, Keith et al., eds. Teenage Parents and Their Offspring. New York: Grune and Stratton, 1981.

Select Committee on Teenage Pregnancy. Final Report of the Select Committee on Teenage Pregnancy: Interim Report to the 68th Texas Legislature. Texas House of Representatives, October 1, 1982.

Smith, P. B. and Mumford, D. M., eds. Adolescent Pregnancy: New Perspectives for the Health Professional. Boston: G. K. Hall, 1980.

Smith Nickel, Phyllis, and Delany, Holly. Working with Teen Parents: Survey of Promising Approaches. Chicago: The Family Resource Coalition, 1985.

State of Connecticut, Task Force on Education to Prevent Adolescent Pregnancy. Report of the Task Force on Education to Prevent Adolescent Pregnancy. February 1985.

Stevens, Joseph. "The Consequences of Early Childbearing." Young Children. (January 1980): 47-55.

Wessman, Jean L. Teenage Pregnancy: A Summary of Trends in the United States and the State of Washington. Washington State House of Representatives, Office of Program Research, June 7, 1985.

Zamarripa, Leslie. "Mom, Dad . . . I'm Pregnant.": A Special Report on Adolescent Pregnancy to Senator Gary Hart and Senator Dan McCorquodale. California Senate Office of Research, October 1984.

Zellman, G. L. The Response of the Schools to Teenage Pregnancy and Parenting. Santa Monica, Calif.: Rand Corp., 1981.

Zelnik, Melvin, Kantner, John F., and Ford, Kathleen. Sex and Pregnancy in Adolescence. Beverly Hills, Calif.: Sage Publications, 1981.

Mr. **Marchant**. Thank you. In addition to efforts targeted to recipients with limited work experience, we should continue to provide job search and skill development assistance to those recipients that need these kinds of services. These services should prove helpful to women who have been out of the work force for some time and need to augment skills they already have.

It is equally important to make certain that the employment and training opportunities provided to welfare recipients be tailored to meet national and local employment needs. Finally, as members of this subcommittee know, in addition to providing expanded work, job training and educational opportunities, a properly managed and automated child support enforcement system which recoups moneys from absent working fathers needs to be nurtured and monitored to insure expanded utilization and to require fathers, not society, to contribute to the support of their children. We, in the State legislatures across this Nation, are seeking to make the child support enforcement system more effective and continue toward enacting legislation recommended by this subcommittee to improve our State systems.

Over the past several years, States have served as a laboratory for the development of employment and training programs to move welfare recipients toward self-sufficiency, using authority afforded us through the Work Incentives Program, WIN, the WIN Demonstration Program, the Community Work Experience Program, and others. Some State programs have received national recognition for their success. Many more have been locally recognized. Recent efforts to repeal the WIN program and other various demonstration authorities that have formed the basis for these State success stories and replacing them with a more rigid, mandatory, national work program causes our committee some concern.

The NCSL has reservations about the imposition of a national, mandatory work program because such a program fails to recognize special State and local conditions unless dollars are available to pay for them. The current group of programs permit each State to tailor programs and services to address the special needs of its citizens. It is more important now than ever that States be given the flexibility to customize work programs to the needs of their citizens and to the limitations of their budgets.

As a member of the ways and means committee in South Carolina, I underscore that issue.

Reductions made under the auspices of Gramm-Rudman-Hollings or whatever other mechanism may be employed will certainly play an important role in the development of State programs to assist the poor.

An issue of growing concern to State legislators nationwide is the provision of health care to the poor. What has increased our awareness of this problem? Recent State successes in containing health care costs have contributed to raising the visibility to this issue, by limiting the ability of health care providers, primarily hospitals and similar institutions, from shifting the cost of bad debt and charity care to the poor, to the paying patients and third party reimbursers, a critical issue in our State. In addition, employers are by choice and circumstance becoming more prudent health care consumers, placing more stress on the system. Finally, more people are working part time in their jobs providing limited or no health care benefits. Oftentimes, these are the jobs obtained by former welfare recipients, increasing the number of children with limited access to adequate health care. This combination of factors has made all of us more aware of the true costs of care for the indigent.

As you know, the joint Federal- and State-funded Medicaid program fails to provide coverage to a majority of the poor. Who are the uncovered, the medically indigent? According to recent data, over 50 percent are under age 25. Yes, under age 25. Many are children. Among the most used hospital services by the medically indigent are: One, maternity and accident related care; two, surgical, with the major type of surgery being obstetric; three, premature birth and neonatal care; four, surgery on the day of admission. Over the past few years, States have been making an effort to address this problem by expanding Medicaid coverage, particularly to low-income pregnant women and children.

States are also looking at other ways to extend health care coverage to low-income households and individuals. Last year in my State of South Carolina, the legislature expanded the Medicaid program to cover low-income two-parent households and established the Medically Indigent Assistance Fund which requires hospitals and counties to work with the State to deal with this problem by contributing to the fund. Current efforts to cap the Medicaid program will make it increasingly difficult for other States to enact an AFDC unemployed parent program if they have not already done so. In our State of South Carolina, the Medicaid cap would cause a 51-percent increase in the State's share, which is equivalent to an additional $45 million which we do not have budgeted at this time, nor do I feel that we could find funds for. It is important that as we look at moving people off the AFDC and into unsubsidized employment that we look at the issue of health care.

In South Carolina, we have been training welfare recipients to become home health care providers through the Homemaker/Health Aide Demonstration Program. Under this program, South Carolina's Department of Social Services contracts with local private, nonprofit, or public agencies to hire the trained aides and to provide the homemaker/health care aide services.

After 12 months of subsidized employment, every effort is made to transition these trained, job ready aides into unsubsidized employment, a key factor. It is important to note that under this demonstration program, participants retain—and I stress again retain—Medicaid eligibility. This is a critical consideration for mothers with young children. I believe, as our committee does, work programs like this one hold promise for the future.

In closing, it is essential that the private sector be involved in the exploration of options and in the coordination of efforts to reduce the welfare roles by training people in areas that will provide them an opportunity to contribute to the community in which they live productively, instead of being dependent upon the Government unproductively.

It is also essential that we retain those programs and supports that have been the basis of successful efforts to date. We must continue to build upon these successes and share ideas that work among the various States and localities.

I appreciate genuinely the opportunity to share the views of the National Conference of State Legislators with you today and look forward to joining all of you in continuing the efforts to improve our public assistance system.

Chairman FORD. Thank you very much, Mr. Representative. And the Chair would also like to thank you, Mr. Garcia and Ms. Smith for testifying before the committee today.

I had a few questions, but I might submit them to you in writing and ask that you submit them back to the committee.

Mr. MARCHANT. I would be happy to.

Chairman FORD. There is a recorded vote on the House floor. The Chairman is going to recess for 10 minutes.

[Recess taken.]

Chairman FORD. The subcommittee will come to order. The subcommittee will call the next panel.

Cesar Perales, chairman of the employment committee and commissioner of the New York State Department of Social Services; David Liederman, Child Welfare League of America, who is the executive director; and Betty Williams, Family Service America. She is the director of the department of social policy, United Charities of Chicago.

We are delighted to have the three of you as panelists to appear before subcommittee. We welcome your testimony, and hopefully you will respond to some questions that will be given to you immediately after you testify.

At this time, Mr. Perales.

STATEMENT OF CESAR A. PERALES, CHAIRMAN, EMPLOYMENT COMMITTEE, NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS, AND COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Mr. PERALES. Thank you, Mr. Chairman, and Mr. Pease.

While I appear this morning on behalf of the American Public Welfare Association and the National Council of Human Service Administrators to discuss work and welfare—a subject that I am extremely interested in, and Governor Cuomo in New York is very much interested in—I just want to point out that the council just a few months ago began a project to take a broader look at the whole welfare system. It's called the Matter of Choice project, and we look forward to sharing our findings and our conclusions with the subcommittee.

Chairman FORD. Indeed, the subcommittee would welcome that study to be submitted and made a part of the record here.

[The information will be furnished upon completion of the project.]

Mr. PERALES. Thank you. The State and Human Service Administrators recognize that the obligation to provide for the dependent includes the duty to give them the means to lift themselves out of welfare by attaining or regaining self-sufficiency. Since employment is the primary means of escaping dependency, employment, training, and education must be an integral part of welfare programs.

In this regard, the past few years have been particularly rich in innovation. With the increased flexibility in the Federal Work Incentive (WIN) Program as well as the ability to utilize the different work related options Congress has provided, ranging from job search clubs to skills training and wage supplementation, States have been able to provide constructive employment services to their dependent population. State welfare agencies have taken responsible advantage of the current options and achieved successes. This program is significant when it is remembered that only a few years ago, the efforts of State welfare agencies were mostly limited to the provision of support services.

Even with all that has been accomplished in the past few years, Human Services Administrators realize that more needs to be done. Many clients remain unserved or underserved with current programs, primarily for lack of resources.

Federal funding fell by nearly one-third between 1981 and 1985, leaving some 55 percent of all WIN registrants not assigned to activities. This means that from 500,000 to 600,000 persons whom Federal law categorizes as employable are in fact receiving no assistance in moving toward self-sufficiency.

Recent months have seen further budget reductions which will result in far fewer clients being served. In addition, there are many recipients who are largely underserved by employment programs, including the more than 1.8 million single women with children under the age of 6, who are now on aid to families with dependent children. These women, too, deserve the opportunity to take advantage of education, and job training, and placement programs, if we are serious about breaking the cycle of dependency.

The administration recognizes the need for a comprehensive overhaul of welfare to employment policies. Yet, its proposed employment package for welfare recipients is inconsistent with this principle. On one hand, the administration embraces the principle of enhancing self-sufficiency for those on public assistance. State administrators strongly agree with this objective, as evidenced by the employment and training programs we are developing. At the same time, however, the administration proposes to reduce its financial participation. The proposal to eliminate the WIN Program and replace it with an AFDC Work Opportunities Program with Federal reimbursement at the same rate as applied generally to AFDC administration, with an emphasis on participation rather than performance, and without support for education and training does not square with the commitment to promote self-sufficiency.

Not surprisingly, the American Public Welfare Association opposes mandates to expand services while funding is reduced. This approach, which will only lead to ineffectual and shortsighted programs, is contrary to the administration's own stated goals.

A clear Federal programmatic and fiscal commitment is necessary if true self-sufficiency for the public assistance population is to be achieved. The National Council of State Human Service Administrators believes the Federal Government bears an important responsibility for overseeing a sound national welfare to employment program as well as maintaining a healthy economy that offers ample opportunities for gainful work.

A sound national program should include certain basic elements that build on recent successes in the States. These elements include education and training programs, enhanced Federal fiscal participation, flexibility to afford continued innovation, and performance measurements. Specifically, a national program should include the following components:

First, the administration of welfare to employment and related services should be the primary responsibility of the State welfare agency.

Second, States should have the flexibility to design a range of programs and activities to meet the individual needs of their clients. All of the employment activities currently permitted under WIN and WIN demonstrations, and under other AFDC Work Program authorities, should be permitted to continue. Moreover, States should be encouraged to design and develop programs to meet the needs of hard-to-serve, long-term dependent clients.

Third, program flexibility should include the authority to operate basic classroom or similar training activities through the AFDC funding stream. States have found these techniques an effective method in reducing welfare dependency, particularly where the recipients lack basic skills. Funding for these activities should not be limited to the Job Training Partnership Act as the number of public assistance clients requiring services far exceeds that program's current fiscal capacity.

Fourth, full coordination should be required between the AFDC agency and related Federal and State employment and training resources. Included would be JTPA, employment security agencies, and education agencies.

Fifth, welfare to employment training programs should be funded on a categorical basis, with 75-percent Federal participation in program costs. While there should be standards of performance, the amount of Federal reimbursement should not be subject to an appropriation limit or cap.

Sixth, performance should be measured by outcomes, not by levels of activity or process. If reducing dependency is the aim, then applicable standards should look at job placement rates, with careful attention also paid to such factors as wage rates, job retention, and avoidance of future dependency. In measuring performance, recognition is needed of the greater difficulties in achieving outcomes for clients who have greater barriers to employment. The principle of universal participation declares that it is inappropriate to devote resources only to those for whom positive results are relatively easy to accomplish. Consistent with this, performance measurement must take account of differences among clients. For example, for giving extra weight to outcomes achieved for hard-to-service clients, or by taking special cognizance of educational and training activities as well as activities of the job-ready.

Seventh, fiscal incentives should relate to performance not to process or activities. While there should be a principle of universal participation, employment is the objective. Accordingly, fiscal penalties should not be imposed for failure to meet participation targets.

Eighth, employment and training activities should be available to any employable AFDC recipient, including parents with young children. This would be in accordance with the general principles of universal participation, which would drive both the requirement for uncapped Federal reimbursement and the need for flexibility in program design. States should be encouraged to promote the voluntary participation of persons exempt from work-related requirements.

Ninth, each State should prepare an annual employment and training plan, showing how it intends to use organizational and fiscal resources to meet client needs, and projected expected results. A yearend report comparing performance against plans, should also be prepared. In addition, the administration should report periodically to Congress on the results of State employment initiatives. Basic data on work program design and outcomes should be included, as well as information on what States do for those who are hardest to serve.

Tenth, each State should develop an automated integrated management and reporting system for employment programs. Such systems, which would require adequate time to develop, would provide a sound basis for program administration, monitoring, and evaluation. Such a step could also facilitate comparisons among programs of different States and help promote the development of successful initiatives.

Eleventh, Federal review and monitoring should be conducted within the context of the applicable performance standards discussed above, and in terms of State plans. With these in place, employment activities should be removed from the quality control arena, where a narrow focus on participation levels backed by the threat of massive penalties will distort program efforts.

We believe that any Federal welfare to employment initiative must include these basic components. The administration's proposals do not reflect these elements and thus will hinder currently successful State efforts.

As human service administrators, we must make sure that we have the ability to continue to operate programs which achieve true results for dependent people.

Thank you.

[The prepared statement follows:]

TESTIMONY OF
CESAR A. PERALES

COMMISSIONER, NEW YORK DEPARTMENT OF SOCIAL SERVICES

AND

CHAIR, NATIONAL COUNCIL OF STATE HUMAN
SERVICE ADMINISTRATORS' EMPLOYMENT COMMITTEE

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THE SUBCOMMITTEE TO DISCUSS THE STATES' VIEWS ON EMPLOYMENT AND TRAINING PROGRAMS FOR WELFARE RECIPIENTS. I AM CESAR PERALES, COMMISSIONER OF THE NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES AND CHAIR OF THE NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS' EMPLOYMENT COMMITTEE. I AM PLEASED TO BE TESTIFYING TODAY ON BEHALF OF THE COUNCIL, A COMPONENT OF THE AMERICAN PUBLIC WELFARE ASSOCIATION. THE COUNCIL IS COMPRISED OF THE PUBLIC EXECUTIVES CHARGED WITH ADMINISTERING HUMAN SERVICE PROGRAMS, INCLUDING EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULT WELFARE RECIPIENTS, IN EACH STATE, THE DISTRICT OF COLUMBIA, AND THE U.S. TERRITORIES. AMONG OUR ACTIVITIES ARE THE WORK INCENTIVE (WIN) DEMONSTRATION, COMMUNITY WORK EXPERIENCE (CWEP), WORK SUPPLEMENTATION (I.E., GRANT DIVERSION), AND APPLICANT AND RECIPIENT JOB SEARCH PROGRAMS, AS WELL AS OTHER EMPLOYMENT SERVICES FINANCED UNDER TITLE IV-A OF THE SOCIAL SECURITY ACT. IN STATES WITH A REGULAR WIN PROGRAM, WE SHARE ADMINISTRATIVE RESPONSIBILITY WITH STATE EMPLOYMENT SERVICE AGENCIES.

HUMAN SERVICES ADMINISTRATORS RECOGNIZE THAT THE OBLIGATION TO PROVIDE FOR THE POOR INCLUDES PROVIDING THE MEANS FOR THEM TO LIFT THEMSELVES OUT OF POVERTY BY REGAINING OR ATTAINING SELF-SUFFICIENCY. SINCE EMPLOYMENT IS THE PRIMARY MEANS OF ESCAPING DEPENDENCY, EMPLOYMENT, TRAINING, AND EDUCATION MUST BE INTEGRAL PARTS OF WELFARE PROGRAMS. IN THIS REGARD, THE PAST FEW YEARS HAVE BEEN PARTICULARLY RICH IN INNOVATION. WITH THE INCREASED FLEXIBILITY IN THE FEDERAL WORK INCENTIVE (WIN) PROGRAM AND THE OTHER WORK-RELATED OPTIONS CONGRESS HAS PROVIDED--RANGING FROM JOB SEARCH CLUBS TO SKILLS TRAINING AND WAGE SUPPLEMENTATION--STATES HAVE BEEN ABLE TO PROVIDE CONSTRUCTIVE EMPLOYMENT SERVICES TO THEIR DEPENDENT POPULATIONS. WE HAVE TAKEN ADVANTAGE OF THE

OPTIONS AND HAVE ACHIEVED SUCCESSES. THIS PROGRESS IS SIGNIFICANT WHEN YOU REMEMBER THAT ONLY A FEW YEARS AGO, STATE WELFARE AGENCY EFFORTS WERE MOSTLY LIMITED TO PROVIDING SUPPORT SERVICES.

ALTHOUGH THE STATES HAVE MADE A GREAT DEAL OF PROGRESS WITH EMPLOYMENT AND TRAINING, MUCH REMAINS TO BE ACCOMPLISHED. REDUCING WELFARE DEPENDENCY THROUGH JOB OPPORTUNITIES IS A DIFFICULT TASK--ONE THAT REQUIRES THE RESOURCES, INGENUITY, AND COMMITMENT NOT ONLY OF THE STATES, BUT THE FEDERAL GOVERNMENT AND THE PRIVATE SECTOR AS WELL. IN THIS REGARD, WE WANT TO PROVIDE YOU OUR CONCERNS WITH THE ADMINISTRATION'S PROPOSAL TO MODIFY EXISTING IV-A WORK PROGRAM REQUIREMENTS, AND THEN OUTLINE OUR OWN VIEWS ON ALTERNATIVES.

THE ADMINISTRATION'S WORK PROPOSAL

WE SHARE THE ADMINISTRATION'S COMMITMENT TO WORK AS AN ALTERNATIVE TO WELFARE, BUT WE DISAGREE WITH THE MEANS TO THAT END. IN OUR VIEW, THE ADMINISTRATION'S "WORK OPPORTUNITIES" PROGRAM WOULD IMPAIR, AND NOT ENHANCE, THE STATES' ABILITY TO DEVELOP AND OPERATE EFFECTIVE WORK PROGRAMS. LET ME BE MORE SPECIFIC ABOUT OUR CONCERNS.

- FIRST, STATES WOULD BE EXPECTED TO EXPAND REQUIRED SERVICES WITH LESS MONEY. THOUGH FUNDING FOR WIN WOULD BE ELIMINATED, STATES WOULD NEVERTHELESS BE REQUIRED TO EXPAND WORK PROGRAM ACTIVITIES TO APPLICANTS AND ADDITIONAL CATEGORIES OF RECIPIENTS. IN ADDITION, EACH STATE WOULD HAVE TO ENSURE THAT THE MAJORITY OF ITS ELIGIBLE PARTICIPANTS IS ACTIVELY INVOLVED IN A WORK ACTIVITY ON A REGULAR BASIS. WHILE THE STATES FAVOR EXPANDING WORK PROGRAM SERVICES, WITHOUT SUFFICIENT RESOURCES EXPANSION OF THIS KIND WILL PROMOTE INEFFECTUAL PROGRAMS.

  THE EXPANSION UNDER THE "WORK OPPORTUNITIES" PROPOSAL WOULD ENTAIL SUBSTANTIAL COSTS. IN RESPONSE TO AN APWA SURVEY STATES ESTIMATED THAT COSTS FOR OPERATING PROGRAMS WILL ESCALATE SIGNIFICANTLY AS THE HIGHER PARTICIPATION STANDARDS GO INTO EFFECT. ALTHOUGH THE ADMINISTRATION INTENDS TO INCREASE ADMINISTRATIVE FUNDS EACH YEAR, EVERY STATE WILL NOT BE ABLE TO PROVIDE THE ADDITIONAL FUNDS NECESSARY TO ACHIEVE THE HIGH PARTICIPATION LEVELS BEING SOUGHT.

Second, unrealistic participation standards would be set which would not only be costly, but also very difficult to reach given the current state-of-the-art. Under the "Work Opportunities" program, in FY 87, a state would have to have at least 25% of its eligible participants actually participating in a work program activity on an ongoing basis. In FY 88 the standard would increase to 50%, and in FY 89 it would rise to 75%. These standards are simply not realistic when participation is defined as a continuous work activity.

In an APWA survey conducted last year, states reported an average participation rate at 28% of the employable caseload. Researchers at the Manpower Demonstration Research Corporation (MDRC) examining participation standards concluded: "within 6 to 9 months from registering with the program, about half of the AFDC experimentals participated in some activity, the great majority in job search." It is important to keep in mind that MDRC does not define participation to mean an ongoing activity as does the administration. Instead MDRC defines participation as "the proportion of eligible people who ever showed up at program activities within a specified period of time." MDRC questions the feasibility of an open-ended participation obligation imposed on the entire caseload, as proposed in the Administration's 1985 "Work Opportunities and Welfare" legislation. The feasibility of such standards has also been questioned by GAO, CBO and the states. While state administrators do not object to linking a work obligation to benefits, the feasibility of requiring rigid participation standards depends on the availability of adequate staff, funding, program slots, and expertise in program design and operation.

I want to emphasize that states deliberately, and quite appropriately, restrict participation in work program activities to ensure that limited dollars are targeted to achieve the best results. As MDRC points out "nonparticipation itself is not synonymous with program failure." The administration's plan to impose participation standards in order to improve performance would have the ironic effect of compelling states to curb comprehensive work activities--which provide the best opportunity to increase employment potential. Put simply, states would be forced to

DILUTE THEIR EFFORTS IN ORDER TO SERVE MORE PEOPLE INEFFECTIVELY. IF THE OBJECTIVE IS TO PLACE PEOPLE IN MEANINGFUL ACTIVITIES, HIGH PARTICIPATION RATES CAN BE COUNTER-PRODUCTIVE.

- THIRD, STATES THAT FAIL TO COMPLY WITH THE PARTICIPATION STANDARDS WOULD HAVE THEIR ALREADY LIMITED ADMINISTRATIVE DOLLARS FURTHER REDUCED. THIS IN TURN WOULD MAKE IT MORE DIFFICULT FOR A STATE TO OPERATE ITS PROGRAM EFFECTIVELY. MOREOVER, ALTHOUGH THE PROPOSAL DOES NOT SPECIFICALLY REFER TO QUALITY CONTROL, THIS IS THE MECHANISM THAT WOULD LIKELY BE USED BY HHS TO MEASURE STATE COMPLIANCE WITH THE STANDARDS. THE PRESENT AFDC QUALITY CONTROL SYSTEM IS NEITHER AN EQUITABLE NOR RELIABLE MEASURE OF PERFORMANCE. THE STATE HUMAN SERVICE ADMINISTRATORS STRONGLY OBJECT TO EXTENDING USE OF THIS ILLOGICAL SYSTEM TO DETERMINE FISCAL PENALTIES FOR STATES UNABLE TO ACHIEVE UNREALISTIC STANDARDS OF PARTICIPATION.

- FOURTH, STATE FLEXIBILITY TO OFFER VARIOUS EMPLOYMENT AND TRAINING TECHNIQUES WOULD BE SUBSTANTIALLY REDUCED. THE ADMINISTRATION CLAIMS ITS PROPOSAL GRANTS STATES MORE FLEXIBILITY TO DESIGN WORK PROGRAMS. WE DISAGREE. "WORK OPPORTUNITIES" WOULD ACTUALLY RESTRICT THE DISCRETION STATES HAVE UNDER CURRENT LAW TO DESIGN COMPREHENSIVE PROGRAMS BECAUSE PROGRAM CHANGES WOULD BE REQUIRED TO RESPOND TO NEW FEDERAL MANDATES SUCH AS PARTICIPATION STANDARDS. IN ADDITION, ALLOWABLE WORK PROGRAM ACTIVITIES ARE TOO RESTRICTIVE UNDER THE ADMINISTRATION'S PROPOSAL. STATES WOULD BE PRECLUDED FROM PROVIDING CLASSROOM EDUCATION AND TRAINING ACTIVITIES, EVEN THOUGH PARTICIPATION IN SUCH ACTIVITIES UNDER THE JOB TRAINING PARTNERSHIP ACT (JTPA) WOULD BE PERMITTED. IF THE ADMINISTRATION BELIEVES SUCH EMPLOYMENT AND TRAINING ACTIVITIES ARE A VALUABLE PART OF JTPA, IT MAKES LITTLE SENSE FOR THEM TO THEN BE PRECLUDED UNDER A IV-A WORK PROGRAM. NOR DOES IT MAKE SENSE TO CONCLUDE, AS THE ADMINISTRATION HAS, THAT JTPA CAN FILL THE GAPS WHERE AFDC SERVICES ARE NO LONGER AVAILABLE. JTPA FUNDING IS ALREADY SEVERELY LIMITED GIVEN THE SUBSTANTIAL NUMBERS OF ELIGIBLE PARTICIPANTS AND STATIC FUNDING.

STATES HAVE FOUND CLASSROOM TRAINING AN EFFECTIVE METHOD IN REDUCING WELFARE DEPENDENCY. TAKE, FOR EXAMPLE, THE MASSACHUSETT'S EMPLOYMENT AND TRAINING PROGRAM--WHICH I UNDERSTAND YOU HEARD ABOUT LAST WEEK. THIS PROGRAM EMPHASIZES THE USE OF TRAINING AND IT IS CREDITED WITH $70 MILLION IN WELFARE COST SAVINGS ALONE--MORE THAN 24,000 RECIPIENTS HAVE FOUND JOBS SINCE THE START OF THE PROGRAM.

LOOKING AT ONE CRITICAL POPULATION GROUP, TRAINING AND EDUCATION ARE AN IMPORTANT ELEMENT IN ANY PACKAGE DESIGNED TO HELP YOUNG MOTHERS ACHIEVE SELF-SUPPORT. IN NEW YORK STATE, UNDER THE LEADERSHIP OF GOVERNOR MARIO CUOMO, WE HAVE BEEN WORKING TO DESIGN A NEW EMPLOYMENT AND TRAINING PROGRAM WHICH WOULD TARGET RESOURCES ON YOUNG MOTHERS AND OTHER HARD-TO-EMPLOY RECIPIENTS. GIVEN THE FACT THAT HALF OF ALL AFDC EXPENDITURES GO TO HOUSEHOLDS IN WHICH MOTHERS HAD THEIR FIRST CHILD AS A TEENAGER, IT IS CLEAR THAT FEDERAL PROVISIONS FOR SUCH SERVICES SHOULD BE MAINTAINED TO ENABLE STATES TO EFFECTIVELY ATTACK LONG-TERM WELFARE DEPENDENCY.

IN SHORT, THE ADMINISTRATION'S WORK PROGRAM PROPOSAL, IF IMPLEMENTED, WOULD HINDER THE STATES' WELFARE EMPLOYMENT AND TRAINING EFFORTS. IT MAY ACHIEVE SAVINGS IN THE SHORT-TERM BUT WOULD DO SO AT THE EXPENSE OF HIGHER COSTS IN THE LONG-RUN AS THOSE RECIPIENTS WHO COULD HAVE BECOME SELF-SUPPORTING ARE DENIED THE ASSISTANCE THEY NEED TO WORK THEIR WAY OFF OF WELFARE.

IMPROVEMENTS CAN BE MADE, AND I'D LIKE NOW TO MENTION SOME OF OUR PROPOSALS.

RECOMMENDATIONS

IN SPITE OF ALL THAT HAS BEEN ACCOMPLISHED IN THE PAST FEW YEARS, HUMAN SERVICE ADMINISTRATORS REALIZE THAT MORE NEEDS TO BE DONE. MANY CLIENTS REMAIN UNSERVED OR UNDER-SERVED IN CURRENT PROGRAMS, PRIMARILY DUE TO LACK OF RESOURCES. FEDERAL WIN FUNDING FELL BY NEARLY A THIRD BETWEEN 1981 AND 1985, LEAVING SOME 55 PERCENT OF ALL WIN REGISTRANTS NOT ASSIGNED TO ACTIVITIES. THIS MEANS THAT FROM 500,000 TO 600,000 PERSONS VIEWED AS EMPLOYABLE BY FEDERAL LAW ARE IN FACT RECEIVING NO ASSISTANCE IN MOVING TOWARD SELF-SUFFICIENCY. RECENT MONTHS HAVE SEEN FURTHER BUDGET REDUCTIONS, WHICH

WILL RESULT IN FAR FEWER CLIENTS BEING SERVED. THERE ARE LARGE NUMBERS OF RECIPIENTS WHO ARE UNDER SERVED BY EMPLOYMENT PROGRAMS, INCLUDING THE MORE THAN 1.8 MILLION SINGLE WOMEN WITH CHILDREN UNDER THE AGE OF SIX WHO ARE NOW ON AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC). THESE WOMEN, TOO, DESERVE THE OPPORTUNITY TO TAKE ADVANTAGE OF EDUCATION AND JOB TRAINING AND PLACEMENT PROGRAMS IF WE ARE SERIOUS ABOUT BREAKING THE CYCLE OF DEPENDENCY.

THE NATIONAL COUNCIL OF STATE HUMAN SERVICES ADMINISTRATORS BELIEVES THAT THE FEDERAL GOVERNMENT BEARS AN IMPORTANT RESPONSIBILITY FOR OVERSEEING A SOUND NATIONAL WELFARE-TO-JOBS PROGRAM, IN ADDITION TO MAINTAINING A HEALTHY ECONOMY THAT OFFERS WORK OPPORTUNITIES. TOWARD THIS END, I AND SEVERAL OF MY COLLEAGUES FROM OTHER STATES HAVE BEGUN DEVELOPING AN ALTERNATIVE WELFARE WORK PROGRAM PROPOSAL. I WOULD LIKE NOW TO OUTLINE THE PRELIMINARY RECOMMENDATIONS WE HAVE IN THIS REGARD.

A SOUND NATIONAL PROGRAM SHOULD INCLUDE CERTAIN BASIC ELEMENTS THAT BUILD ON RECENT SUCCESSES IN THE STATES. THESE ELEMENTS INCLUDE EDUCATION AND TRAINING PROGRAMS, ENHANCED FEDERAL FUNDING, FLEXIBILITY TO PROMOTE CONTINUED INNOVATION, AND PERFORMANCE MEASUREMENTS. SPECIFICALLY, A NATIONAL PROGRAM SHOULD INCLUDE THE FOLLOWING COMPONENTS:

1. THE STATE IV-A AGENCY SHOULD HAVE PRIMARY RESPONSIBILITY FOR ADMINISTERING JOB TRAINING AND PLACEMENT FOR WELFARE RECIPIENTS.

2. STATES SHOULD HAVE THE FLEXIBILITY TO DESIGN A RANGE OF PROGRAMS AND ACTIVITIES TO MEET THE INDIVIDUAL NEEDS OF THEIR CLIENTS. ALL OF THE EMPLOYMENT ACTIVITIES CURRENTLY PERMITTED UNDER WIN AND WIN DEMONSTRATIONS, AND UNDER OTHER AFDC WORK PROGRAM AUTHORITIES, SHOULD BE PERMITTED TO CONTINUE UNDER A CONSOLIDATED AUTHORITY. MOREOVER, STATES SHOULD BE ENCOURAGED TO DESIGN AND DEVELOP PROGRAMS TO MEET THE NEEDS OF HARD-TO-SERVE, LONG-TERM DEPENDENT CLIENTS.

3. PROGRAM FLEXIBILITY SHOULD INCLUDE THE AUTHORITY TO OPERATE BASIC CLASSROOM OR SIMILAR TRAINING ACTIVITIES THROUGH THE AFDC FUNDING STREAM. STATES HAVE FOUND THESE TECHNIQUES AN EFFECTIVE METHOD IN REDUCING WELFARE DEPENDENCY, PARTICULARLY WHERE THE RECIPIENTS LACK BASIC SKILLS. FUNDING FOR THESE ACTIVITIES SHOULD NOT BE LIMITED TO

the Job Training Partnership Act (JTPA) as the number of public assistance clients requiring services far exceeds that program's current fiscal capacity.

4. Full coordination should be required between the AFDC agency and related federal and state employment and training resources. Included would be JTPA, employment security agencies, and education agencies.

5. Welfare-to- employment programs should be funded on a IV-A categorical basis, with 75 percent federal participation in program costs. While there should be standards of performance, the amount of federal reimbursement should not be subject to an appropriation limit or cap.

6. Performance should be measured by outcomes, not by levels of activity or processes such as participation. If reducing dependency is the aim, then evaluations should look at job placement rates, with careful attention also paid to such factors as wage rates, job retention, and avoidance of future dependency. In measuring performance, recognition is needed of the greater difficulties in achieving outcomes for clients who have greater barriers to employment. Given that it is inappropriate to devote resources only to those for whom positive results are relatively easy to accomplish, performance measurement must take account of differences among clients--for example, by giving extra weight to outcomes achieved for hard-to-serve clients, or by taking special cognizance of educational and training activities.

7. Fiscal incentives should relate to performance not to process or activities. While universal participation should be a principle, employment is the objective. Accordingly, fiscal penalities should not be imposed for failure to meet participation targets.

8. Employment and training activities should be available to employable AFDC recipients and applicants. (Employable recipients would be those currently not exempt from work registration under Sec. 402 (a)(19) of

THE SOCIAL SECURITY ACT, EXCEPT THAT STATES SHOULD ALSO HAVE THE OPTION OF REQUIRING PARENTS WITH CHILDREN UNDER AGE 6 TO PARTICIPATE.) THIS WOULD BE IN ACCORDANCE WITH THE PRINCIPLE OF UNIVERSAL PARTICIPATION, WHICH WOULD DRIVE BOTH THE REQUIREMENT FOR UNCAPPED FEDERAL REIMBURSEMENT AND THE NEED FOR FLEXIBILITY IN PROGRAM DESIGN. STATES SHOULD ALSO BE ENCOURAGED TO PROMOTE THE VOLUNTARY PARTICIPATION OF PERSONS EXEMPT FROM WORK-RELATED REQUIREMENTS.

9. EACH STATE SHOULD PREPARE AN ANNUAL EMPLOYMENT AND TRAINING PLAN, SHOWING HOW IT INTENDS TO USE ORGANIZATIONAL AND FISCAL RESOURCES TO MEET CLIENT NEEDS, AND PROJECTING EXPECTED RESULTS. A YEAR-END REPORT, COMPARING PERFORMANCE AGAINST PLANS, SHOULD ALSO BE PREPARED. IN ADDITION, THE ADMINISTRATION SHOULD REPORT PERIODICALLY TO CONGRESS ON THE RESULTS OF STATE EMPLOYMENT INITIATIVES. BASIC DATA ON WORK PROGRAM DESIGN AND OUTCOMES SHOULD BE INCLUDED, AS WELL AS INFORMATION ON WHAT STATES DO FOR THOSE WHO ARE HARDEST TO SERVE.

10. EACH STATE SHOULD DEVELOP AN AUTOMATED INTEGRATED MANAGEMENT AND REPORTING SYSTEM FOR EMPLOYMENT PROGRAMS. SUCH SYSTEMS, WHICH WOULD REQUIRE ADEQUATE TIME TO DEVELOP, WOULD PROVIDE A SOUND BASIS FOR PROGRAM ADMINISTRATION, MONITORING, AND EVALUATION. SUCH A STEP COULD ALSO FACILITATE COMPARISONS AMONG PROGRAMS OF DIFFERENT STATES AND HELP PROMOTE THE REPLICATION OF SUCCESSFUL INITIATIVES.

11. FEDERAL REVIEW AND MONITORING SHOULD BE CONDUCTED WITHIN THE CONTEXT OF THE APPLICABLE PERFORMANCE STANDARDS DISCUSSED ABOVE, AND IN TERMS OF THE ANNUAL STATE PLANS. WITH THESE IN PLACE, EMPLOYMENT ACTIVITIES SHOULD BE REMOVED FROM THE QUALITY CONTROL ARENA, WHERE A NARROW FOCUS ON PARTICIPATION LEVELS BACKED BY THE THREAT OF MASSIVE PENALITIES WILL DISTORT PROGRAM EFFORTS.

WE BELIEVE THAT ANY FEDERAL WELFARE-TO-JOBS INITIATIVE SHOULD INCLUDE THE BASIC COMPONENTS LISTED ABOVE. THE ADMINISTRATION'S PROPOSAL DOES NOT REFLECT THESE ELEMENTS AND, THUS, COULD WEAKEN CURRENTLY SUCCESSFUL STATE EFFORTS. AS HUMAN SERVICE ADMINISTRATORS, WE WANT THE ABILITY TO CONTINUE TO OPERATE PROGRAMS WHICH ACHIEVE TRUE RESULTS--NOT JUST IMMEDIATE DOLLAR SAVINGS BUT ENDURING SELF-SUFFICIENCY FOR THE POOR.

Chairman **Ford**. Thank you very much. I think the committee is going to recess for 10 minutes. There is another recorded vote on the House floor.

In order for the members to make the recorded vote, we are going to stand in recess for 10 minutes.

[Recess taken.]

Chairman **Ford**. The subcommittee will come to order. The Chair would like to apologize again for those recorded votes and the bells keep sounding off. It is beyond my control as a subcommittee chairman. As they go off, we have to respond. Hopefully they will not go off again during the duration of these subcommittee hearings today.

We can resume. I understand you completed your statement earlier, Mr. Perales. We will go to the next panelist at this time.

STATEMENT OF DAVID LIEDERMAN, EXECUTIVE DIRECTOR, CHILD WELFARE LEAGUE OF AMERICA, INC.

Mr. **Liederman**. Mr. Chairman, I am David Liederman, the executive director of the Child Welfare League of America. The Child Welfare League is a national organization made up of 400 public and private child-caring agencies in the United States, including many in Tennessee.

On behalf of the league, we really want to thank you, Mr. Chairman, for your leadership on behalf of welfare recipients in this country. We appreciate that. We hope you will continue to do what you can do to improve their lives.

Chairman **Ford**. Thank you very much. If you are ever in the Memphis area, please don't forget to say those kind words in my own district. [Laughter.]

Mr. **Liederman**. I say it when I go to Tennessee, too. Rather than read my statement, I am going to really try to pick a few issues and highlight them.

Chairman **Ford**. Your full statement will be made a part of the record.

Mr. **Liederman**. Thank you.

First, as you consider the issues of work and welfare, we really hope that you will keep children in the forefront. As you indicated, Mr. Chairman, two-thirds of the recipients of AFDC are children, and the AFDC Program really is the major program serving poor children in the United States and we must not forget that.

We also shouldn't forget that the original purpose of AFDC was to keep families together, to keep children in their own homes, to provide adequate care and a safe environment. There was a time, Mr. Chairman, when it was in vogue for a parent to be home and to care for children. I'm not sure that is such a bad thing.

We have been hearing this talk for a lot of years in this country, certainly in my 25 years in the business, off and on again, that we need to get tough with welfare recipients. We need to get tough with welfare moms and they ought to go to work like all other good Americans or they ought not get their check.

I think that kind of talk is nonsense. I am sure you will agree it is nonsense.

The Charles Murray's of the world would abolish AFDC altogether because they say the welfare check tempts the poor to remain idle. I think you would agree that the $131 a month in Tennessee, that the AFDC recipient gets on the average, and $172 a month in South Carolina, isn't really very tempting. I can't imagine that AFDC recipients are truly tempted by that amount of money.

The fact is, Mr. Chairman, that the $402 a month in Massachusetts and the $451 a month in New York isn't very tempting either. In New York, and I'm sure the commissioner will agree with what I am going to say, for $451 a month, you can't even find an one-bedroom apartment in the city of New York. In Manhattan, an one-bedroom apartment is $2,000 a month. If you get lucky, maybe you can find something that is half decent in one of the boroughs, in Queens, or the Bronx, or Staten Island for less than $500 a month, but you would really have to look real hard. That $451 a month in New York doesn't look very tempting either for welfare recipients.

The truth is that most of the talk that I've heard and that I continue to hear about welfare reform is mostly nonsense. What people need in this country is adequate income. They need educational and employment opportunities and they need support services to get to those educational and employment opportunities, if that is what they choose to do.

We have laid out a number of suggestions that we think ought to be considered in any work and welfare program. The Commissioner has just elaborated on many of them. I could probably just say me, too, and that would cover it. I did want to stress a couple of them.

One is that it is our belief that the participation in any work program should be voluntary. One reason cited for the success of the ET Program in Massachusetts is the voluntary nature of the program. ET works because clients who want to work go to employers who want them. The fact that clients go demonstrates that AFDC recipients want to work. It makes no sense to start an employment relationship which either party is forced into. Those are not the words of the social workers running the program. Those are the words of Thomas Hourihan who is vice president of the Norton Co. in Massachusetts and those are words we agree with.

This voluntary/mandatory debate has been going on in the United States for 200 to 300 years. It actually goes back to the Elizabethan poor laws in the early 1600's when in order to collect public assistance in England, there was a mandatory work requirement that was built in back in those days.

In my experience, mandatory, forced work has never worked. It hasn't worked since 1609. It is not going to work in 1986. It just doesn't work. We have had experiment after experiment of voluntary work programs, the New Jersey work experience 15 years ago, the Massachusetts experience, other experiences around the country clearly indicate when you have a good voluntary program with real jobs, with real training, with real support services and all the other things that have been suggested this morning, indeed it does work and that is what we support.

In the President's State of the Union Address, he talked about strengthening family life. We agree that we should be strengthening family life. Unfortunately, about 1 week after he suggested that, he presented a budget which in effect would destroy family life in this country.

I don't understand how you can strengthen family life on one hand and then call for the elimination of the WIN Program on the other hand. The WIN Program has many of the ingredients of a successful work-welfare program that have been suggested here this morning. We think it should be continued. We think it should be strengthened and built upon in many States where it could really be helpful.

I don't see how we strengthen family life when we call for the elimination of housing subsidies.

[The prepared statement follows:]

TESTIMONY OF
THE CHILD WELFARE LEAGUE OF AMERICA

PRESENTED BY
DAVID LIEDERMAN
EXECUTIVE DIRECTOR
CHILD WELFARE LEAGUE OF AMERICA

Mr. Chairman and members of the Subcommittee, my name is David Liederman and I am the Executive Director of the Child Welfare League of America. On behalf of the League, I want to thank you for the opportunity to testify this morning regarding work and welfare -- two issues of crucial relevance to poor children in this country.

The Child Welfare League (CWLA) is an association of some 400 leading child welfare agencies in the United States and Canada, with an additional 1200 affiliates in 27 State associations. We include private voluntary, public, religious, and non-sectarian agencies. As an example, among our members are the Tennessee Department of Human Services and the South Carolina Department of Social Services. We are the only privately supported organization in North America solely devoted to improving services for abused, neglected, and deprived children.

When most of us talk about deprived children, we think about those deprived by their families. However, as I travel around the country, I am increasingly aware that a growing number of our children -- the largest segment of this country's poverty population -- are deprived economically and their deprivation is national in scope. That of course, brings us to the topic of this hearing -- Work and Welfare. As I represent CWLA this morning, I am going to plead with you to keep children in the forefront of your mind as you consider these two issues.

First, let's talk for a moment about welfare. Unfortunately, the word itself has become emotionally-charged in recent years. It has been politically exploited to the extent that too many see it as a gravy-train that lazy shiftless adults -- mostly minority -- ride for a lifetime at taxpayer expense. The President, by including costs for Social Security and Medicare, has most of the public convinced that it cost hundreds of billions of dollars and is responsible for the national debt.

The truth is decidedly different. Welfare is not a multi-hundred billion program but a comparatively small one -- about $8 billion in Federal funds in FY 1986 -- known as AFDC: Aid to Families with Dependent Children. Those words certainly do not have the negative connotation of "welfare," do they? They sound down-right American; and, indeed, so is this program.

Two-thirds of the recipients are children -- not adults. Almost all the rest are the single mothers of those children. Most recipients are white -- not black. All are poor. About 80 percent have no other outside income whatsoever. These single mothers are not lazy or shiftless nor do they "ride" AFDC for a lifetime. Most of these women and children find themselves "on welfare" because of a sudden change in their family's status: when they are abandoned; when the mother becomes divorced or separated; or when the father dies. Others have lost jobs and had unemployment assistance run out before they were able to find new employment. Before any of us become too judgmental about welfare recipients, we might do well to remember that most Americans and their children are only a paycheck, an illness, or a spouse away from poverty. About half of all AFDC families are off welfare in less than two years. Only one of four remains on the rolls for more than five years.

The purpose of AFDC is the same as that of the members of my organization. It is simply this: To keep families together and children in their homes with adequate care, safe conditions, and adequate supervision. It is sad for the children of this country that a program with such goals has become so politically exploited. As we try to "get tough" with adults whose motives are mistakenly stereotyped, it is, in the end, their children we hurt.

AFDC begins by providing less than the minimum the Agriculture Department decided, some years ago, was necessary to live on -- about half of the poverty level. Over the years, things have deteriorated. While we indexed benefits for the old, the veteran, the disabled, and the civil servant for inflation, we refused to do the same for children. Mr. Chairman, as you yourself have noted, in the 1970's alone, we allowed the benefits for children under AFDC to decline by a third. We cut the children's allowance by one-third while we indexed benefits for everyone else. Only the children got left out. Perhaps, we wanted to punish their parents for being poor. Instead, we have punished the children and their poverty is now growing faster than that of any other age group. I understand that we are the only Western industrialized nation where this is the case. This should be seen as being decidedly un-American.

However, today it still seems politically expedient to exploit the welfare issue. Some, like Dr. Charles Murray, would abolish it all together. They say it is the cause of poverty -- that the Federal Government's largess, in the form of a monthly welfare check, tempts the poor to remain idle. What's the average family benefit? (Keep in mind that 80% have no other income.) In Tennessee it is the high sum of $131 a month. It's hard to imagine being tempted to pay the rent, much less live a life of ease, on that amount. In South Carolina it is $172 per family per month. Dr. Murray doesn't say what would happen to the children if this amount were abolished.

Others are suggesting that recipients be required to work --"mandatory workfare" it is being popularly called. No work -- and the family check is substantially reduced off. Again, no one says what will happen to the children. However, our topic this morning is not mandatory workfare *per se* but rather work and welfare. Let me share a thought about work with you: by and large, welfare recipients would love it! But there is a substantial difference between work programs and mandatory workfare. Let me share a few "do's and don'ts" about work programs for welfare recipients which I hope will clarify the differences.

First the "don'ts":

- Don't make any program mandatory -- children will suffer. Some recipients are going to be special cases. They may have learning difficulties; they may have handicapping conditions. Some, though a small minority, may be irresponsible. To arbitrarily cut off assistance even from these individuals because they do not or cannot hold jobs hurts their children the most -- the ones who are in no way responsible for their plight, unless we wish to indict them for "choosing" the wrong parents.

- o Don't institute a program without providing child care. Children will be placed at risk. A primary reason single mothers do not work -- aside from lack jobs for which they are qualified -- is child care. Solutions which simplistically place the burden of finding child care on the recipient, without providing assistance and support, will harm children in general and risk the very safety of some. With regard to families, this is not the middle-class world of fifty years ago. Grandma does not live next door. A kindly neighbor, if there is one, is probably at work. Teenage babysitters are in school. Nowadays, child care costs money. If it costs more money than the welfare check, what's the sense of participating in workfare? You lose either way.

  What will happen if child care is not provided. Some young children will be left alone or in the supervision of other youngsters. Some will be neglected, some will be injured by accidents. Others will be placed in cheap, inadequate and perhaps dangerous child care situations. It is absolutely astounding that members of this administration, who will actually endorse criminal record checks of day care personnel to protect middle-income children from abuse, can take such a cavalier approach about child care for poor children, whose parent's these same officials would force to work. Let's not wait for the first fire, the first molestation, or the first tragedy to show our concern.

- o Don't make the primary goal of work programs the short-term reduction of welfare costs. You will be disappointed. Even without "workfare" requirements, we know that most welfare families do not become long-term dependents and we have no evidence that work programs with the primary goal of cost-reduction produce significant reductions or significant increases in welfare family earnings. Morton Sklar has pointed out that too many mandatory workfare assignments are little more than watered-down versions of public service jobs, criticized in the past by the Reagan administration and others. Make-shift assignments intended only to make the welfare recipient "pay" for the welfare check will not reduce welfare rolls, will not provide training for better jobs, and will likely not increase incomes. They simply do not work.

Now for some "do's." The Child Welfare League of America recommends the following with regard to work programs for AFDC redipients:.

- o First, and most importantly, the welfare of children should be kept in the forefront of any plans to design work programs for welfare recipients. Children are the true beneficiaries of AFDC.

- o Child care and access to such care must be provided. Children's safety is at stake. Mothers of preschool children should be exempted from any mandatory requirements.

- o Participation should be voluntary. One reason cited for the success of the Employment and Training (ET) Program in Massachusets is the voluntary nature of the program. ET works because clients who want to work go to employers who want them. The fact that clients go, demonstrates that AFDC recipients want to work. It makes no sense to start an employment relationship which either party is forced into. (That advice, by the way, comes not from social workers, but from Thomas Hourihan, Vice President of the Norton Company in Massachusetts.)

- o Individual family assessments should be conducted. These assessments should determine each participant's varying needs and strengths. There are many special situations for which allowances must be made. Some adult recipients have learning problems or chronic health conditions. Some must care for other dependents -- sick or homebound relatives, for example. Some have a lack of education or job skills. Individual family assessment should provide the basis for a spectrum of services intended, where possible, to enable the recipient to join the workforce and become self-sufficient. Where this is impossible, it should form the basis of providing stable family support for the children.

- o Flexibility should be provided. States and localities should be able to respond to local demographics and labor markets. However, such flexibility should be provided within broad, Federal parameters which safeguard the needs of children within affected families. A national minimum AFDC benefit, indexed for inflation, should be provided as part of any welfare/work program.

- o Family health care must be provided. Continuing Medicaid coverage for poor working families should precede the effectuation of any welfare/work program. Medicaid coverage should be allowed to continue -- in transition -- for a period of six months after full-employment and independence from AFDC has been achieved.

- o Education classes leading to a high school diploma or its equivalency, along with necessary support services, should be provided. Lack of a high school diploma is among the strongest correlates of low-income status. If we really want to assist families out of poverty, we must assist with education as well as work. Perhaps "edfare" should be a mandatory component of any workfare program.

- o Work-related expenses, such as transportation costs, should beprovided.

- o Jobs must be available. Obviously, any work program without real future employment opportunity is doomed. It can, in fact, do harm by unrealistically raising the expectations of those involved. Where jobs are not available in the private sector, viable work experiences in the public sector must be created.

Mr. Chairman, lest you and the Subcommittee think that the proposals I have presented are unrealistic and represent simple, idealistic dreaming, I should mention that most of these components are now part of the AFDC-WIN -- or Work Incentive -- Program. We could go a long way toward assisting poor families toward self-sufficiency simply by doubling or tripling the size of this program, perhaps replicating the successful ET program of Massachusetts -- which is a WIN program -- in other States. Instead, the President has proposed the elimination of the WIN program.

In closing, may I emphasize in the strongest terms that no work program will succeed for children if those children are not considered from the outset of its design and implementation. They cannot be left to their own devices. That is one reasbn why CWLA has always supported WIN and will continue to do so.

The Administration and the Congress must look at the long-term effectiveness of their investments in work programs for the poor, rather than simply the short-term, cost-effectiveness of such endeavors. Senator Patrick Moynihan has said that "the future of a society may be forecast by how it cares for its young." What price will we pay in the future if we do not take care of our children -- especially those who are poor -- today?

Chairman **Ford**. Mr. Liederman, let me stop you there. I raised that question earlier to one of the other panelists on a panel prior to you. Are you talking about the structured WIN Program or the funds that are appropriated in the program or both?

Mr. **Liederman**. I think where the WIN Program has really been worked at by State administrations with good support services and with real training programs, I think a lot of welfare recipients have been helped. I think a lot of it depends on how hard the State administration has worked the program, what other kinds of efforts have gone into improving employment opportunities and educational opportunities for the recipients.

The basic thrust of the program is OK. There is nothing wrong with it. Everybody has been talking this morning about a lot of the ingredients that are part of that program. It is nothing new.

Mr. **Perales**. If I could comment for just a second; we get so much interest and support for ET, and efforts in California, and New York, and elsewhere, I think people forget that the WIN Program is an essential component for those very successful programs. Granted in some States there have been additional State resources combined with the WIN Program, but I hope that we remember as we make our budget deliberations that the elimination of WIN could very well cut those very programs that we seem to be taking so much pride in lately.

Chairman **Ford**. Mr. Liederman, I am sorry for the interruption.

Mr. **Liederman**. No problem. I was actually through. I just wanted to close by again thanking you for your efforts, offering the support of the Child Welfare League and our willingness to work with you to see that we do the right thing.

Chairman **Ford**. Our next witness is Ms. Williams, who is director of the department of social policy with the United Charities of Chicago. We are delighted to have you, Ms. Williams, before the committee. Thank you very much for coming.

STATEMENT OF BETTY L. WILLIAMS, DIRECTOR, DEPARTMENT OF SOCIAL POLICY, UNITED CHARITIES OF CHICAGO

Ms. **Williams**. Thank you, Mr. Chairman.

I, too, think probably most of my remarks have already been covered sufficiently. Since I think I am kind of doing a little takeoff here, that maybe I should read at least part of my statement and then give you some of my thoughts.

Chairman **Ford**. The full contents of your statement will be made a part of the record, if you want to summarize.

Ms. **Williams**. Thank you.

I want to talk just a little bit about the United Charities of Chicago, which is the organization I represent. It is a member of Family Service America, which is an organization of voluntary agencies that are dedicated to strengthening family life.

The United Charities is a private multiservice agency with a nearly 130-year-old history of service to Chicago-area families. United Charities has worked diligently to serve those in need through the provision of direct services and through influencing the development of sound public policies.

One of the agency's founders placed the name of Abraham Lincoln in nomination for the Presidency. Another founder was a Congressman who introduced the antislavery amendment to the Federal Constitution in the House of Representatives.

This agency also played a major role in the rehabilitation of the city after the Chicago fire, providing medical care, food, clothing and shelter in the emergency and a wide range of support to families, professionals and businesses in getting reestablished.

In more recent times, United Charities was instrumental in securing the passage of the Social Security Act in 1935. In 1983, United Charities joined with the Illinois Association of Family Service Agencies, the Illinois Commission on the Status of Women, and State representative, Jill Zwick, to pass the first family impact law in the Nation. A first step in the right direction, the Family Impact Act requires State human service departments to include statements in their annual planning documents on how their programs promote family stability.

As part of a followup to this legislation, we are planning a spring forum on low income families and their needs at the Governor's mansion in Springfield. It will be called "Build Illinois Families, a Public/Private Venture."

Mr. Chairman, I would also like to share that we have recently sponsored hearings on the plight of families on public assistance and their testimony has led us to some of the conclusions we have reached and that we want to share with you today.

A well known poet once said "work is what makes the rest of life worthwhile." It also puts food in your stomach, a roof over your head and lets you hold your head high.

Not too long ago, people migrated to Chicago for work. If they came today, no matter how strong their backs or how willing their hands, they would incur difficulty finding employment.

For the record, let me say that I strongly favor work for all who are able and for whom work is available. I would like to underscore that I favor work, gainful employment that pays a living wage for energy expended. I do not favor workfare. It seems imperative to me that individuals have jobs for which they are paid and which makes them independent of a means tested welfare system.

Workfare demands activity for which a recipient receives a monthly public assistance check, which he would receive without the job activity. He is not made independent of the system and must in fact undergo a series of usually demeaning activities with regard to his employment. He remains a welfare recipient, no matter how long or how much he works.

When we spoke to public aid recipients about how they were treated with regard to their workfare requirement and as they applied for public assistance, we talked to them about the inadequacy of public aid grants and how we would like to see them receive more money in order to live in Illinois. What they told us is "if we are treated better and if we find jobs, then we would be satisfied."

There is a lot of conversation about the fact that workfare would at least give people some activity and teach them the value of work. Perhaps it should be stated very clearly that virtually all Americans value work. Millions report daily to rather monotonous, difficult jobs that hardly pay a living wage and many whose incomes are more than adequate prefer to work.

When jobs are advertised, thousands line up to make applications. Men and women who have not worked in 20 years identify themselves by their professions and vocations and the homeless and hungry offer to do chores to earn spending money. Americans value work. The work ethic does not need to be taught. It is more likely the case that work needs to be provided for many who cannot find employment.

Work programs such as Project Chance in Illinois can be beneficial to needy families. One of our problems there, of course, is that we continue to have a high unemployment rate. We have neighborhoods in Chicago that have 60 percent unemployment and we have other parts of the state where 20 percent unemployment is well known.

We will probably be able to find some jobs through our Project Chance as our department works with the private sector. As I have said, I will count that program a success if we are able to find jobs for anyone. If not initially, in the long run, we are going to be able to save taxpayers' money. There are other concerns. Because I believe they far outweigh the merits of what kind of work programs we establish, I want to concentrate on them rather than to debate the merits of workfare and work programs.

I want to say first of all that no matter how many programs we have and how many people they place, there will always be some people who cannot work. We already know that most of the people on our programs are children. The cause could be anything else, disability, age, circumstances or just the lack of work.

Some families will not be able to participate in the world of work, but they like their counterparts who can work must still care for their families.

Second, as much as we are reluctant to acknowledge it, there are working Americans with long and proud work histories whose income is simply inadequate to meet their needs. The operative word is "needs," food, clothing, shelter, utilities, medical care, not luxuries. Currently working 40 hours per week, such family members must still rely on food stamp programs, Medicaid and public child care programs in order to survive.

Third, families are vulnerable to economic and social stresses and often need extraordinary support in order to carry out their responsibilities. Providing jobs alone will not do the trick. We will still need to fashion a socioeconomic environment to support family life in our highly technological, industrialized society.

We all participate in a single economic system in which some people are in need of the help of others. We really all do receive welfare in one form or another. I think that has been documented recently. As a matter of fact, it would appear that those less in need actually are receiving more welfare than the needy.

Still we persist in believing a myth that ascribes some attributes to the poor that make them different. Finally, we are all alike.

I would like to add a cautionary note about the various programs that we have. If we have job programs, they should prepare recipients for solid well paying jobs. I use an illustration of my listening to the Governor's budget message when he very proudly pointed to the fact that we are graduating some of our first classes in Project Chance, the Illinois work program, and they are nurse's aides. He was talking about how proud they are going to be to move out into the world of work.

I was upset just thinking that they are not going to move as far away from the public aid programs as they need to move or would like to move. They still are probably going to be eligible for Medicaid, child care programs and most certainly for food stamps, because their incomes are going to be so low.

I guess I want to talk some about our families who are low income families and some other ways to begin to help them. I am concerned about using our tax system to help needy families. I was being a little facetious but I think we also know that it is very true and we have documentation to back us up, that our tax system manages to get quite a bit of money and to leave money in the hands of the well to do. I think we should find ways to help it leave more money in the hands of low income families.

And there is every indication that the system can be corrected to meet revenue demands while addressing the needs of the poor.

H.R. 3838 has already passed the House and is being considered by the Senate. If it is passed, it will provide millions of dollars of tax relief to low-income families. Families are being taxed into poverty. Families who manage to make income $1,500 below the poverty level still have to pay taxes. There must be some way we can deal with this issue.

If families can retain their own income and meet their needs through their own industry rather than to rely on subsidies from expensive public support programs, it will certainly be better for them. It's a better investment in people and in their productivity.

It has been said that tax relief for low-income families is likely to be the most significant welfare reform in the past 15 years.

Finally, not only the working poor can benefit from tax reform. We could actually turn around our whole welfare program utilizing the tax system to provide income for those unable to work. Through a negative income tax concept, like a graduated supplemental concept, we could actually put more income in the hands of the poor.

And I cite a recent New York study that showed that only about one-third of all of the millions, of hundreds of millions, of dollars allocated for the poor in New York City actually end up in the hands of the poor.

There are people who say that the poor cannot manage their funds, or will mismanage their funds. And I forcefully argue that low-income families do a remarkable job of managing their meager funds. That they manage at all, to me is quite an accomplishment.

And I add that the bureaucracies that serve them are often guilty of mismanagement and waste. Work is a preferred way to get income to families. And we need to provide all that we can.

The issue is still one of adequate income to ensure that American families can provide for themselves. We are looking at the possibility of reforming our welfare system. And I think that is exactly what we must do. Leonard Greene has proposed that we have a truly comprehensive plan. And this has been some time ago.

I agree with him, that we need to promote family stability in a plan, to include work incentives, to offer uniform benefits, integrated into the tax system and have something that is easy to administer. What we have now is an administrative nightmare.

President Reagan perhaps said it best when he proclaimed National Family Week a few years ago: The family and family life are central to our American heritage. Family bonds give us an anchor in the past, as well as hope for the future. It is within the family that tradition is created, individuals grow, and faith is nurtured.

It can finally be said rather simply. Families are poor because they do not have income to meet their basic needs. When they want even a subsistence level, they are not poor.

Thank you.

[The prepared statement follows:]

TESTIMONY

PRESENTED BEFORE THE

HOUSE SUBCOMMITTEE ON PUBLIC ASSISTANCE

U.S. HOUSE COMMITTEE ON WAYS AND MEANS

BY:

Betty L. Williams
Director of Social Policy
United Charities of Chicago

Member
Family Service America

I am Betty L. Williams, Director of the Social Policy Department of United Charities of Chicago. United Charities is a private, multi-service agency with a nearly 130 year old history of service to Chicago area families. United Charities has worked diligently to serve those in need through the provision of direct services and through influencing the development of sound public policies. One of the agency's founders placed the name of Abraham Lincoln in nomination for the presidency; another founder was the congressman who introduced the anti-slavery amendment to the federal constitution in the House of Representatives. This agency also played a major role in the rehabilitation of the city after the Chicago Fire through providing medical care, food, clothing and shelter in the emergency and a wide range of supports to families, professionals and businesses in getting reestablished. In more recent times, United Charities was instrumental in securing the passage of the Social Security Act in 1935.

In 1983, United Charities joined with the Illinois Association of Family Service Agencies, the Illinois Commission on the Status of Women and State Representative Jill Zwick to pass the first family impact law in the nation. A first step in the right direction, the Family Impact Act requires state human service departments to include statements in their annual planning documents on how their programs promote family stability. As part of a follow-up to this legislation, we are planning a Spring forum on low income families and their needs at the Governor's Mansion in Springfield. It will be called "Build Illinois Families: A Public-Private Venture."

The efforts of United Charities have long been focussed on finding solutions to pressing social problems. Because of our strong historical tradition, we are particularly pleased to have been invited to offer some of our thoughts on the issue of families, poverty and work programs.

A well-known poet once said, "work is what makes the rest of life worthwhile." It also puts food in your stomach, a roof over your head and lets you hold your head high. Not too long ago people migrated to Chicago for work. If they came today, no matter how strong their backs or how willing their hands, they would incur difficulty finding employment.

For the record, let me say that I strongly favor work for all who are able and for whom work is available. I would like to underscore that I favor work - gainful employment that pays a living wage for energy expended. I do not favor workfare. It seems imperative to me that individuals have jobs for which they are paid and which makes them independent of a means tested welfare system. Workfare demands activity for which a recipient receives a monthly public assistance check which he would receive without the job activity. He is not made independent of the system and must in fact undergo a series of usually demeaning activities with regard to his "employment." He remains a "welfare recipient" no matter how long or how much he works. One might say, but at least he has some activity and he is learning the value of work. Perhaps it should be stated very clearly - virtually all Americans value work. Millions report daily to rather monotous, difficult jobs that hardly pay a living wage and many whose incomes are more than adequate prefer to work.

When jobs are advertised, thousands line up to make application. Men and women who have not worked in 20 years identify themselves by their professions and vocations, and the homeless and hungry offer to do chores to earn spending money. Americans value work - the work ethic does not need to be taught. It is more likely the case that work needs to be provided for many who cannot find employment.

Work programs such as Project Chance in Illinois can be beneficial to needy families. Project Chance is a public-private venture with the aim of moving 100,000 recipients into employment within 3 years. Education, training and job placement are at its core. It is a voluntary program and many recipients are applying for job placement. Project Chance hopes to provide a "chance, not just a check." While some believe that the jobless rate in Illinois is still too high to ensure the program's success, (9.0 percent statewide with some areas of the state still at 20.0), it seems certain that some recipients will be placed as private industry works with the Department of Public Aid. Although the Department has included funding for child care and transportation, some recipients report that public aid staff do not make them available thus thwarting their efforts to participate. As in most bureaucracies, some things go wrong and there are many complaints. If Project Chance trains any recipients and places them in real jobs, I will count it a success. If not initially, then in the long run it can also save taxpayers money and more importantly save the lives of recipients. But there are other concerns. And because I believe they far outweigh the merits of what kind of work programs we establish, I want to concentrate on them rather than to debate the merits of workfare and work programs.

Firstly, let me say that no matter how many programs we have and how many people they place, there will always be some people who cannot work. The cause may be disability, age, circumstances or lack of available work but some American heads of household will not be able to participate in the world of work. They like their counterparts who can work, must still care for their families. Secondly, as much as we are reluctant to acknowledge it, there are working Americans with long and proud work histories, whose income is simply inadequate to meet their needs. And the operative word is needs - food, clothing, shelter, utilities, medical care - not luxuries. Currently working 40 hours per week, such family members rely on food stamp programs, medicaid and public child care programs in order to survive. Thirdly, families are vulnerable to economic and social stresses and often need extraordinary support in order to carry out their responsibilities. Providing jobs alone is not a panacea. We will still need to fashion a socio-economic environment to support family life in this highly technological, industrialized society. We all participate in a single economic system in which some people are in need of the help of others. In truth we all receive "welfare" of one kind or another and we all benefit from the government's provision of services to promote the general welfare. We persist in believing a myth that ascribes some attributes to the poor that makes them different. In actuality, we are all the same.

Fourthly, I'd like to add a cautionary note. We must be careful that our job programs train recipients for solid, well paying jobs. If we fail to do so, they will still need to rely on the bureaucratic programs I outlined earlier. Just recently I heard Governor Thompson of Illinois deliver his budget message. The Governor rightly praised Project Chance. He spoke of those of the first graduating class of nurses aides. How proud and happy they were to embark on their work careers. As I listened, I was saddened to think that they must be looking forward to the day when they would not have need of contact with a public aid office.

Unfortunately it will be awhile before that time comes. At their income levels they will probably still need food stamps, possibly child care and medical assistance for some time to come.

I believe we have the opportunity to help such families to truly move beyond the welfare system in the form of tax reform. Our current tax system clearly provides benefits for the more affluent while taxing millions of low income families into poverty. Such families who paid 2% of their income in taxes in 1979 will pay 10% in 1986. Tax benefits favoring the upper income groups often claim more federal dollars than comparable programs serving the poor. The President and members of the Congress have indicated a willingness to examine the tax system with hopes of making it more equitable. There is every indication that the system can be corrected to meet revenue demands while addressing the needs of the poor. One tax proposal, HR 3838, which provides tax relief for low income families will increase the personal exemption, eliminate tax for 6.5 million poor households and reduce taxes for millions of the working poor. HR 3828, has already passed the House. If passed in the Senate, it would provide millions of dollars of tax relief to low income families. If families at the poverty level are allowed to retain more of their funds, they can provide better for themselves and meet their needs through their own industry rather than to rely on subsidies from expensive public support programs. This is by far a better investment in people and their productivity. It has been said that tax relief for low income families is likely to be the most significant welfare reform in the past 15 years.

Finally, not only the working poor can benefit from tax reform. We could actually turn around our whole welfare program utilising the tax system to provide income for those unable to work. Through a negative income tax concept, we could actually put more income in the hands of the poor. A recent New York City study stunned reviewers with the revelation that only about 1/3 of the monies allocated for the poor in New York City ended up in their hands. It is more expedient and efficient to provide income directly to needy families than to set up a series of programs providing AFDC, food stamps, WIC, housing subsidies and energy assistance. Often when one proposes transferring income directly to the needy, arguments are made that there might be mismanagement of the funds. I forcefully argue that low income families do a remarkable job of managing their meagre funds. I add that the bureaucracies that serve them are often guilty of mismanagement and waste.

Work is a preferred way to transfer income and we must provide work for all who can. The issue is still one of adequate income to insure that American families can provide for themselves. The provision of adequate income in a manner that supports family strength and promotes stability is the best strategy. I believe our tax system affords us that opportunity. I applaud those who are beginning a real examination of our welfare system - not an examination based on prejudice against the poor or misconceptions but who believe there is a better way to deal with poverty. I agree with Leonard Greene that a truly comprehensive plan for welfare reform must (a) Promote family stability (b) Include work incentives (c) Offer uniform benefits (d) Be integrated into the tax system and (e) Be easy to administer.

Perhaps President Reagan said it best when he proclaimed National Family Week a few years ago:

> The family and family life are central to our American heritage. Family bonds give us an anchor in the past, as well as hope for the future. It is within the family that tradition is created, individuals grow, and faith is nurtured.

It can finally be said rather simply, families are poor because they do not have income to meet their basic needs. When even a subsistence level of income is available, they are not poor.

Betty L. Williams
United Charities of Chicago

BLW/dlh

Chairman **Ford**. Thank you very much, Ms. Williams. The Chair has a couple of questions for the panel.

Public and private studies have shown and provided information that some 21 or 22 percent of all of the children in this Nation are living below the poverty thresholds. We've seen the Bill Moyers' CBS documentary talking about and addressing the problem of welfare, AFDC recipients, teenage pregnancy, and focus then on black minorities.

We've also seen and witnessed other news media outlets focusing in on the problem of welfare, the welfare program in general as well as the poor of this Nation. I don't want for 1 minute to think in terms of talking about a class of people that they are different from anybody else. They happen to be caught or trapped in this cycle that hopefully this committee and this administration can work together at some point to bring, if not all, a vast majority of these people out of this poverty cycle that they happen to be trapped in.

There are many of those who have issued publications through syndicated writers or columnists as well as other media outlets that have implied that there might be a public perception that welfare might be the blame for many of the problems that surround the cycle itself, meaning teenage pregnancy, those who are dependent, those who pass it on from one generation to another.

I would like for the three of you to comment today, if you don't mind, on—you know, that's not a question, but just to comment back. I mean, is this—is welfare—do you see welfare being the real blame for some of the problems?

Just respond to that. I hear it as the chairman of this subcommittee. I would like to hear from some others on that issue.

Ms. **Williams**. May I?

Chairman **Ford**. Sure.

Ms. **Williams**. It's a rather burning issue for me. We are doing quite a bit of debate on this in Illinois. Let me say that I most certainly do not believe that welfare is the cause of our problems. Poverty is. People are poor.

And I think that that should be first, that we must understand we are dealing here with poverty and all of the unpleasant things and the unfortunate things that surround it.

Our welfare system is not doing a good job of moving people out of poverty overall, although I think for some people it works. There are people who get on welfare for whatever reason and were able to move off and go on into jobs and to move ahead. For others, that is not so for various reasons.

I believe we can fashion a system here that can help to move people from poverty. But, no, I do not believe that welfare is at issue here.

Chairman **Ford**. But in some cases though you are implying that it might be a dead end?

Ms. **Williams**. I think with some people that the system is not working, and I think for a number of reasons. I think that the program is set up so that it is antifamily in its application, and I also believe that the grants are just so inadequate that they do not sustain life in some cases, frankly. They are just that poor.

For that matter, I think we can do much to improve the system. In that sense, I suppose it is a dead end.

But I still think the issue is poverty.

Mr. LIEDERMAN. I think it's interesting to note, too, that half of the folks on public assistance are there for less than 2 years. In Tennessee, a third are there for less than 1 year.

So that a lot of people need assistance at certain points in their life for a whole variety of reasons. I agree with my colleague that the problem is that the grants are inadequate, the program is inadequate.

And I get very concerned when we start talking about work fare and work requirements and mandatory work, because if we don't like the bureaucracy as we now see it, wait until you see the bureaucracy when those programs start. I mean, we will have people falling all over each other trying to implement work requirements and all that goes with it.

Again, Mr. Chairman, there is nothing new under the Sun. I mean, people need adequate income. The AFDC program is the only program that's not indexed in this country. We index everything else.

If we learn from what has happened with our senior citizens because of the indexing of Social Security and SSI, they are coming out of the poverty.

Chairman FORD. Are you suggesting that because there is no indexing in the AFDC, that it might have something—or the trend might be related to the 22 percent of——

Mr. LIEDERMAN. There is no question about it. No question, the AFDC program hasn't kept pace with inflation. It's the weakest funded program. It's the easiest to pick on.

It's less than 1 percent of the budget. Social Security is about a $175 billion. AFDC is about $8½ billion. And yet it's kind—it's the scapegoat, you know. When everybody wants to pick on something that's wrong in this country, it's easy to pick on poor folks and pick on the welfare system. And it just doesn't make any sense.

And I think—I mention in my early remarks, I think the housing piece is a critical piece, too. And I think it's something that really needs to be considered. I think—we are at crisis in this country in terms of families being able to find adequate housing.

For the first time in this country, we are seeing children on the streets because there are not adequate places for people to live. And that's outrageous in the wealthiest country in the world. But that's what we are faced with.

In every major urban area in this country, the housing costs are going through the ceiling, and people on that meager welfare benefit which is not indexed, which has not kept pace with the cost of living, which is totally inadequate, cannot find that decent place to live. And if we talk about strengthening families, and you can't at least start with a decent roof over your head, I think we've got a big problem.

Chairman FORD. Can we—and I'm coming right to you, I know you want to respond to this, and I will put a pin there in a minute.

The President just talked about the profamily and making those recipients of AFDC independent of the system. Is it possible to do that——

Mr. **Liederman**. Sure.

Chairman **Ford** [continuing]. Without adding additional costs to the Federal Government? Can we implement legislation from the Federal level at the cost—at today's cost?

Mr. **Liederman**. I don't think so. And I think we are naive and unrealistic if we think that's true.

And one of the reasons that I said what I said about welfare reform is when I hear a lot of people talk about welfare reform, what they are really saying is reduce the costs and make everything right, and in their perception of what that means.

And that's nonsense; it's just not going to happen. If we really care—I mean, if we can blow the hundreds of millions of dollars that we are now spending to recruit young men into the Army, that advertising campaign which is costing hundreds of millions of dollars, and a lot of those kids were part of the welfare system and now we are going to help them to be what you can be in the Army, OK, when we can't spend it when they are younger and when they could really benefit from a good education and from good employment opportunities, everything is cockeyed.

I mean, it just doesn't make any sense. And the answer is yes, we should be spending more money and it's money well spent. And there is no magic to how to do it.

We've had experimental programs and programs that have shown to work, time after time after time. The problem is it becomes a demonstration program and then we don't replicate it because we don't want to put the resources into that end of the budget.

Chairman **Ford**. I'm sorry for that second question. Go ahead.

Mr. **Perales**. My comments are very brief, because I basically agree with the other two witnesses.

I might disagree just a bit. I think very strongly that we need to strengthen the relationship between work, employment, and education opportunities and the welfare system. I'm not going to engage in welfare bashing even though it's the current vogue.

I think anybody familiar with the welfare system knows that it is necessary and that there are many, many families in this country that cannot support themselves. But I also think that if we link employment and educational opportunities to the welfare system, we can do a good job of matching available work opportunities with the human resources that we have. I believe this is something that is doable, that ought not to cost a great deal of money. I think MDRC has proven that it pays off, even if you have to wait a few years. And, I think the political climate is right for us to move in that direction. I have not read any recent editorial that has not lauded the successes of some of the States in getting people into employment. The discussion is not workfare any longer.

Chairman **Ford**. Well, what about the fact that President Reagan in his administration, they have talked for the past 5 years about economic growth, we are going to grow out of this economic problem that we are into, we are going to grow in a fashion that we are going to wipe these $200 billion fiscal deficits that we are faced with completely out of the saddle.

But we've just seen in the month of February, we've seen a five-tenths of 1-percent jump in the unemployment rate. We are talking about jobs; we are talking about training and education in this country. Unemployment—civilian unemployment is at 7.3 percent.

Now, we've seen unemployment, you know, on the decline for the past few years but we have never declined below that of what we had when Mr. Reagan took office, what the unemployment rates were if you put the military back into those numbers.

Will that have an impact when we see unemployment, the trends that they are moving now, an incline in the percentage numbers, moving up in a fashion that even the unemployment rate at 7.3 percent, in any other administration other than this administration, it would be unacceptable.

Now, is that going to have an impact when we talk about the state of New York, or we talk about any other state, Tennessee, are we going to be impacted by the unemployment problem in trying to institute with Massachusetts, New York, and other States that have already——

Mr. **Perales**. Absolutely.

Chairman **Ford**. And one final thing. Without the Comprehensive Employment in Training Act, which was a CETA Program, I mean that has been completely wiped away.

I know we have the Job Partnership and Training Act, but I'm not sure that that's on the scale of the Comprehensive Employment in Training Act that once was instituted. No cities, no States, no Federal program has been implemented that would say to States that we want to assist you in training, knowing that we have been faced with in the past 5 years with some 90,000 or more small businesses as well as medium-sized business, filing bankruptcy, they lost their jobs, major industry with plant closing, all over this Nation. People have lost jobs; people have been forced out of the workforce through no fault of their own, who have not been able to have an ample and a sufficient training, you know, component placed within their areas in which they reside.

No type of skills being offered, no placement on other jobs, which has created a new class of poor in this Nation.

My point is, I'm not sure that we have seen all of the welfare recipients that will be forthcoming within the next few years. Are we prepared with unemployment over 7 percent now? And that's not to talk about what the number might be the 2 or 3 or 4 million underemployed, you know, people in this Nation who will be faced with a choice of whether or not to enter the welfare rolls.

Even after implementing sophisticated work training programs in all of these States, are we really going to address or should we address in any reform measures in this Congress in a fashion that there might be other problems down the road. Sure, we continue to talk about Federal supplemental compensation benefits, and we can talk about other additional unemployment benefits.

But a crisis is out there. And are we, States like New York, and others, going to be able to really implement a program that will respond to the human needs of the people of this great Nation of ours?

Ms. **Williams**. Mr. Chairman, I submit that with unemployment at 7 percent or 6 percent or 8 percent, or whatever it's going to be, we are going to have millions of families for whom there is no paycheck coming in the house, whatever the reason. And those families still have children. They still must feed and clothe and educate their families.

For this reason, I think it is imperative that we have some kind of comprehensive system in place in this country that is going to provide an adequate income so that families can live in some kind of decent fashion.

One of the things that we continue to say and some efforts in the family service movement is that this country has to be supportive of family life. Therein really is our future, the children that we have talked about.

No matter what we do in terms of the defense of this Nation or whatever kinds of plans we make in terms of education, in educating scientists and mathematicians, whoever we would like to see in our future, if we don't start with our children, providing something there for them we will not have that resource. That, in fact, really is our resource and the reason that we, as a Nation, will grow.

I think that through some kind of mechanism we are going to have to ensure adequate income. As long as we can find work for people, great. But there will be some people who will not be working no matter what, even if we are talking about 3-percent unemployment which, I think, is almost impossible for us to even consider it at this point, we would still have people not working and families that do care.

So, I do think that we have to look beyond work programs.

Mr. **Liederman**. Mr. Chairman, I have the good fortune, or the misfortune, to be secretary of Governor Dukakis in his first term, and the unemployment rate in Massachusetts at that time was probably 8 percent, 7½, 8 percent, maybe even a little higher.

And I think you are on to something, because, I think, that the excellent program that Mike and his Administration has developed in the ET Program really works well, I think, in part because the unemployment rate in Massachusetts is now about 3 percent.

Mr. **Liederman**. Massachusetts is in a boom time. They have a surplus in their State treasury. There wasn't money around to develop a lot of the support services that they now have a little better ability to do. And, I think, there is an absolute direct relationship, as you have pointed out, between the unemployment rate and our ability to develop successful employment and training programs for welfare recipients.

Chairman **Ford**. Without the help of major programs that were once in place.

Mr. **Perales**. Well, let me just comment, because if I had a dream, my dream would be that we'd move ahead with the types of programs that we have now. When we find out that there aren't enough jobs for the people we're training, then we should begin to rethink the issue of public service employment, not in a Band-Aid approach, but in a very serious effort that says, if we're serious about people earning a living and we have human potential and we're training people, then governments ought to begin to think about expanding their civil service in a very real sense and, if necessary, with Federal support, so that we can create jobs.

What I have attempted to do is to suggest that right now the welfare system does not work well in getting people into the labor pool. That is not to suggest that there's room for everybody. What

I'm suggesting is that we can make some improvements. And having done that, we may very well find ourselves in a situation in which we're going to have to governmentally expand jobs.

Chairman **Ford**. The chairman would like to thank the panelists. I would like to say to the three of you that there might be other opportunities that the chairman and members of this committee and staff of this committee would like to pick your minds and call upon you if you have other materials, information that would be needed for this committee.

We do not know the full plans of this committee as of today. We are taking it step by step. We're trying to look at every aspect of the welfare system itself. Hopefully, we can make certain recommendations through some legislation in the coming months that will respond to these welfare needs in this Nation and respond to a group of people in this Nation that I strongly feel would like to move into the workforce, would like to be productive citizens, but we have played somewhat of a part in trapping them into a cycle that might be beyond their control.

And hopefully, with the expertise and the great minds of this Nation, we can all come together to do what's right, with their participation. I don't mean a group of us trying to make decisions as to what's good for the recipients, but we want to have the input from those throughout this country who want to make a contribution, to make things better, and to move on and to have productive citizens who can feel proud of themselves and proud of their communities as well.

With that, I want to thank you personally, all three of your, for attending the session today, and thank you very much for your input.

Mr. **Liederman**. Thank you, Mr. Chairman.

Mr. **Perales**. Thank you.

Chairman **Ford**. This will conclude the business of the subcommittee today, and we will be subject to the call of the Chair.

Thank you very much.

[Whereupon, at 12:39 p.m., the hearing was adjourned, to reconvene at 10 a.m., Thursday, March 20, 1986.]

WORK, EDUCATION, AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

THURSDAY, MARCH 20, 1986

House of Representatives,
Committee on Ways and Means,
Subcommittee on Public Assistance
and Unemployment Compensation,
Washington, DC.

The subcommittee met, pursuant to call, at 10:05 a.m., in room B-318, Rayburn House Office Building, Hon. Harold Ford (chairman of the subcommittee) presiding.

Chairman Ford. The Subcommittee on Public Assistance and Unemployment Compensation of the Ways and Means Committee will come to order.

Today the subcommittee will continue its hearings on education and training opportunities for welfare recipients. Today's witnesses include seven distinguished Members of the House, and Archbishop O'Meara representing the U.S. Catholic Conference. I expect that each of these witnesses will suggest ways to improve our Nation's welfare system.

We started this series of hearings out of concern that for some welfare recipients, AFDC is a dead end offering little hope for a better future. We know that in the past 6 years, AFDC benefits have declined, in real terms, by 33 percent. We also know that there is a core group of AFDC recipients—we are not sure how many—that rely on AFDC for many years. We want to do something to help these families. I believe that work, education, and training programs figure into the solution to their problems. That is not all that these families need but it would be a step in the right direction.

Today, we turn to our colleagues in the House for advice and counsel and from the U.S. Catholic Conference, an organization that has been in the forefront of social change.

I am delighted today to call upon our first witness, one who has been a very able Member of this House and one who has been in the forefront of social change. I would like to bring the Honorable Leon Panetta from the State of California as our first witness today to the table.

We are delighted to have you before the committee, Mr. Panetta. This is about the seventh or eighth public session we have held on this subject on work, education, and training opportunities.

We feel confident that we will develop in the months to come legislation to go to the House, hopefully on or about the time the Domestic Policy Council submits their findings and their report on welfare reform to the President.

I am not sure we will have a piece of legislation ready before the end of this Congress, but hopefully there will be a bill ready to consider in the early part of the next Congress.

We look forward to your testimony today and your input at this time.

STATEMENT OF HON. LEON E. PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION, COMMITTEE ON AGRICULTURE

Mr. PANETTA. Thank you very much, Mr. Chairman.

I appreciate the invitation and the opportunity to appear before your subcommittee.

I encourage you to continue these hearings and I look forward to working with you in trying to prepare legislation. I think one of the problems, any time there is a new study, is it tends to go over old territory we have been through before.

I think we know generally where the answers lie. Unfortunately, nobody really likes the answers. That is why they always try to keep coming up with simple solutions. If you are serious about dealing with welfare reform, frankly the answers are out there, but you just have to grab for them and hopefully we can provide that encouragement, both to the administration as well as to the country.

I have a longer statement and I would ask that that be made part of the record.

Chairman FORD. It will be made part of the record.

Mr. PANETTA. I would like to proceed with the shorter statement that summarizes the thoughts I have included in my longer prepared statement.

Your subcommittee obviously has jurisdiction over what is the oldest Federal means-tested program which assists families with children. This program, Aid to Families With Dependent Children, AFDC, was authorized in the Social Security Act of 1935. Aid to Dependent Children, or ADC, as it was called in those days, was supposed to become unnecessary once the unemployment compensation and Social Security programs authorized in that same act matured.

Tragically, the need for AFDC has grown enormously over the past half-century. Now we are confronted with the reality of significant intergenerational welfare dependency. Some argue that this is proof that the social welfare system, of which AFDC is one of its most important components, is fundamentally flawed. Others say that welfare dependency among racial and ethnic minorities reflects the cost to society of inadequate schooling, too few jobs, and discrimination. Still others cite an alleged abandonment of traditional family values as the explanation for welfare dependency.

I believe that a quest for a simple, single explanation of the problem of welfare dependency is an illusory goal. So is the quest for a simple, single solution to the problem. Too often, even though the public policy issue is complex, a simple explanation is given, and a simple solution is always sought proposed.

When this occurs, the result is usually wasted public resources, frustration among intended program beneficiaries when too much was promised and too little delivered, and increased public skepticism that any Federal program really works.

Fortunately, this indictment applies to neither the work of your subcommittee nor that of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, which I have the honor of chairing. I think both of our subcommittees have made significant progress over the past several years developing the framework for a multifaceted approach which, over time, will result in a significant decline in welfare dependency.

My optimism assumes that we will be able to build on what we have done. Furthermore, I assume that we will not allow ourselves to be stampeded into short-term solutions which could create long-term budgetary costs to the Federal Treasury and social costs to the beneficiaries of the programs over which we have jurisdiction.

Like the AFDC Program, food stamps suffered deep cutbacks back in 1981 and 1982. I think we were cut almost $8 billion over a period of 4 years in the Food Stamp Program.

Although the Food Security Act restored only a small portion of the food stamp cutbacks and provided some very limited program improvements, these hold out a lifeline for the working poor who really seek to escape welfare dependency.

Let me mention as an aside, I hear the comment that people on food stamps or in soup kitchens are trying to rip off the society. Anybody who says that has never gone to those places, looked welfare recipients in the eye and talked with them. I have never heard any of them say they are satisfied with that existence. Everybody I have talked to wants to get out of it, wants to find a job, wants to find a better way of life.

They are the ones who truly seek escape from that kind of dependency.

A key initiative in the Food Security Act, which holds out the promise to reduce welfare dependency, is an innovative Employment and Training Program. Much of the credit for this innovative approach goes to my colleague and ranking minority member, Bill Emerson.

For the first time, each State is required to establish an employment and training program for employable food stamp participants. States will have considerable flexibliity both to design their own program and also to determine who will be served. States can use a number of approaches—job search, job finding clubs, workfare, training, and education relating to employment. States have been given flexibility to target this Employment and Training Program on those recipients for whom it is most appropriate.

I hope that the flexibility in this approach will allow the administration to avoid the pitfalls that have plagued earlier attempts to enforce work requirements. Above all, we do not want a paperwork shuffle in which States engage in perfunctory compliance with arbitrary numerical standards. Somehow, by applying strict standards, we can solve the problem. All that sometimes results is just an increase in the massive bureaucracy that already surrounds many of these programs.

We really want meaningful programs that will result in constructive changes in people's lives. If States wish to target their resources on a minority of employable recipients in order to provide a more intensive—and possibly more expensive—program for these people, they should be able to do so. Flexibility is the key.

I consider this approach cause for cautious optimism. In Massachusetts, as the gentleman knows, the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition observed innovative employment and training projects administered with sensitivity to the needs of recipients and respect for their dignity. Much of what we learned there is reflected in the employment and training section of the Food Security Act of 1985.

Nevertheless, I must reiterate my earlier concerns about the danger of simple solutions to complex public policy issues. I want the flexible approach to work requirement and workfare to result in validated savings of Federal and State tax dollars as well as meaningfuil improvements in people's lives. This can best be achieved by avoiding dogmatism, inflexible Federal fiats, and coercive or punitive strategies.

While I believe our efforts to adopt a reasonable approach to employment and training are commendable, I am aware that future cooperation with the Subcommittee on Public Assistance and Unemployment Compensation will yield greater results for both AFDC and food stamp recipients. Indeed, improvements can be made in coordinating to assure that long-term employment opportunities are possible. In our approach, we must take into account several factors.

First, there must be adequate Federal funding for employment and training, including child care and social services that remove barriers to participation. Anybody who thinks there is a cheap way of handling it, doesn't understand the issue. There has to be Federal funding if it is going to work.

Second, if performance standards for Federal expenditures are required, we must assure that they do not undermine program goals. By this, I refer to the sensitivity of our Conference Committee last year in requiring the Secretary of Agriculture to vary performance standards by the type of activity offered—such as, job search, training, job finding clubs—and the category of persons served.

Largely, the success of the employment and training program in helping the long-term unemployed under the Food Security Act depends on the variation of standards the administration sets in these two key areas. It is so important, that what we have seen in going around this country is every community adjusted accordingly to their needs. It can work, in San Diego which implemented workfare, they did it sensitively with a great deal of sensitivity and did it in a way that fits the needs of their community.

You cannot take a San Diego approach and just say it ought to be applied everywhere. It doesn't work that way. So I think it is very important that that kind of flexibility be allowed.

Incidentally, when the bill passed in the House last summer it had had no performance standards. That was our belief, we ought not implement that standard, because you would be taking the time that should be devoted to job training and putting it at the desk where somebody is filling out papers. That wouldn't work, either.

It was not until conference when the Senate insisted upon such standards that variation in these elements was included. I would also like to point out that a July 1985 GAO report provided additional justification for the House view that performance standards can be detrimental to program effectiveness.

Third, strict and rigid performance standards could further erode the effectiveness of employment and training programs again if sufficient Federal funds are not provided. In planning an employment and training strategy, we must not require States to cover too many people with too few dollars. I believe the USDA budget proposal to trim our Employment and Training Program by $20 million in fiscal year 1987, coupled with mandated performance standards of 25, 50, and 75 percent by 1989, is totally unrealistic.

In actuality, the costs for employment and training would not be reduced. Were we to adopt the administration's proposals, in fiscal year 1987 alone, the State and local government share of the Employment and Training Program is estimated to increase by $42 million over current law—roughly $2 million more than would have been saved by the Federal Government.

Fourth, in our approach to employment and training, we must recognize that welfare and food stamp dependent households are not monolithic. The diversity we provide by instilling flexibility in program administration at the Federal level will make a dramatic difference for State and local governments attempting to meet the needs of this population.

Variation in program design will ensure that recipients gain skills and experience necessary to plug them into area job markets. If we were to accept the administration's proposal to require all States to serve the same percentage of work registrants regardless of the type of employment and training activities to be implemented, we could guarantee that more intensive programs for the harder-to-employ would never be mounted.

Overall, I believe, we must avoid what has been termed "creaming" that measures the number of persons placed in jobs, without regard to those that would have found jobs on their own. Federal standards could exacerbate creaming if we are not cautious. A better approach would be to target our resources on breaking barriers to employment for long-term welfare dependent families, rather than spreading our resources too thinly.

Finally, I would suggest that coordination at the Federal level with State and local governments is the only way that we will meet the challenge of employment and training for our welfare dependent population. Particularly at the local level, employment and training programs must allow for innovation. That is so important.

Government workers themselves must be convinced that this is not a bureaucratic nightmare of regulations, but an effort to provide training, job search techniques, or placement assistance to those who may have no other place to turn. Ultimately, the dedication of persons providing employment and training will have a bearing on the success of the overall program.

I don't know whether the chairman has had an opportunity to go to Detroit and look at Project Hope in Detroit, which provides for job training and ties it to other programs.

It is the kind of job development that I think would serve as an example for the rest of the country. I would urge you to take a look at that, because that is not a question of a bureaucratic nightmare, they are designing programs that will give people skills for the future, and will permanently remove them from that kind of dependency.

At this juncture, we are still learning what techniques and approaches to work, education, and training are best. New programs must have built-in demonstration and evaluation components so that Federal, State, and local governments may learn how to design successful programs.

In addition, we must be careful not to oversell the results of what employment and training can do. We can hope for modest positive effects, not necessarily a panacea to low employment or welfare dependency. If our expectations are realistic, we may be able to implement effective programs that will have a significant impact in the future. Slowly, and definitively, we can break the chain of welfare dependency for many American families.

A major piece of unfinished business for both our subcommittees, Mr. Chairman, is to improve the coordination between the AFDC and food stamp programs. We have gone a long way in doing that, and I appreciate the cooperation of this subcommittee in that effort.

If we can protect and nurture the improvements to the Child Support Enforcement Program, the extension of the AFDC to families with both parents present, meaningful employment and training programs, and ensure that welfare recipients always have a financial incentive to work, we will have made a constructive start toward a meaningful reform of the welfare system.

I thank you, Mr. Chairman, for the opportunity to testify and again, I look forward to working with you in coming up with legislation that will address the issues contained in my statement.

[The prepared statement follows:]

TESTIMONY OF THE HONORABLE LEON E. PANETTA, CHAIRMAN
SUBCOMMITTEE ON DOMESTIC MARKETING,
CONSUMER RELATIONS AND NUTRITION
COMMITTEE ON AGRICULTURE
BEFORE THE SUBCOMMITTEE ON PUBLIC ASSISTANCE AND
UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
MARCH 20, 1986

Mr. Chairman, I want to thank you and your colleagues on the Public Assistance and Unemployment Compensation Subcommittee for conducting this series of hearings on welfare dependency -- one of the most intractable problems in American society.

Your Subcommittee has jurisdiction over the oldest Federal means-tested program which assists families with children. This program, Aid to Families with Dependent Children (AFDC), was authorized in the Social Security Act of 1935. Aid to Dependent Children, or ADC, as it was called back then, was supposed to become unnecessary once the unemployment compensation and Social Security programs authorized in that same Act matured.

Tragically, the need for AFDC has grown enormously over the past half century. Now we are confronted with the reality of significant inter-generational welfare dependency. Some argue that this is proof that the social welfare system, of which AFDC is one of the most important components, is fundamentally flawed. Others say that welfare dependency among racial and ethnic minorities reflects the cost to society of inadequate schooling, too few jobs, and discrimination. Still others cite an alleged abandonment of traditional family values as the explanation for welfare dependency.

I believe that a quest for a simple, single explanation of the problem of welfare dependency is an illusory goal. So is a quest for a simple, single solution to the problem. Too often, even though the public policy issue is complex, a simple explanation is given, and a simple solution is proposed. When this occurs, the result is usually wasted public resources, frustration among intended program beneficiaries when too much was promised and too little delivered, and increased public skepticism that any Federal program works.

Fortunately, this indictment applies to neither the work of your Subcommittee nor that of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, which I have the honor of chairing. Both our Subcommittees have made significant progress over the past several years developing the framework for a multi-faceted approach which, over time, will result in a significant decline in welfare dependency. My optimism assumes that we will be able to build on what we have done. Furthermore, I assume that we will not allow ourselves to be stampeded into short-term solutions which could create long-term budgetary costs to the Federal Treasury and social costs to the beneficiaries of the programs over which we have jurisdiction.

Your Subcommittee two years ago shepherded through Congress landmark legislation to reduce welfare dependency by ensuring that absent parents provide financial support to their children. This legislation was the Child Support Enforcement Amendments of 1984. You included a carrot and stick approach to improving State child support enforcement procedures. The stick was the requirement that States enact laws establishing specific procedures related to child support enforcement cases. The carrots were Federal reimbursement formulas that encouraged improved State administration of their child support enforcement programs. One formula change was to provide 90 percent Federal reimbursement for development of information retrieval systems and purchase of ADP equipment. Another formula change was a gradual decline in the Federal matching rate for administrative expenses from 70 to66 percent by fiscal year 1990. This was made to offset the cost of a change in the formula for Federal incentive payments for State child support collections which lessened AFDC collections. The President's budget for Fiscal Year 1987 proposes to take away these carrots. Savings of $41 million in fiscal year 1987 are proposed from reduced reimbursement for ADP and an accelerated schedule to reduce Federal matching for administrative costs. These proposals would be "penny wise and pound foolish" if States lessened their child support enforcement efforts -- thus automatically causing higher spending in the AFDC and food stamp programs.

A second incremental reform which your Subcommittee has developed is included in the conference agreement on last year's reconciliation bill (H.R. 3186). This is the extension of AFDC to families with two parents present, or mandatory AFDC-U benefits. As you know, even though the Committee on Ways and Means achieved last year's deficit reduction target in reconciliation, the administration opposes the extension of AFDC to these families. This is one of the issues which is holding up final Senate approval of the conference agreement. Having found the President's statements in this year's State of the Union Message about the importance of family values to be eloquent, I do not understand the administration's opposition to a proposal which would end the financial incentive which currently exists in 28 States and jurisdictions with an AFDC program for a father to desert his family so that they can get AFDC benefits.

Some argue that extension of AFDC to intact families would increase welfare dependency. I question that assertion. The real value of AFDC and food stamp benefits has eroded so significantly in the last decade or so that application for AFDC benefits is best viewed as an act of financial desperation. For example, Mr. Chairman, your own State of Tennessee does not have an AFDC-U program but has by no means the lowest AFDC benefits in the South. The maximum monthly AFDC benefits for a family of four in Tennessee are currently $186 -- hardly an economic incentive for welfare dependency.

Even when AFDC benefits are combined with food stamps, welfare recipients hardly live in the lap of luxury. To use Tennessee again as an example, the combined benefits are currently $454 a month or only 51% of the poverty level. Data collected by Ways and Means staff dramatically illustrate that the purchasing power of these combined benefits has eroded significantly over time. Between 1972, when food stamps became a national program with benefits indexed to the price of food, and 1984, the combined value of food stamps and AFDC in constant dollars declined 25.6 percent. This decline was not significantly greater than the overall national decline of 21.8 percent. As the Members of this Subcommittee well know, what has been happening is that many States have taken into account in setting AFDC benefit levels the fact that food stamp benefits are indexed and are 100 percent Federally financed.

Next I would like to describe what the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition has been doing to address the problem of welfare dependency. More than two years ago, I introduced H.R. 5151, the Hunger Relief Act. While overwhelmingly supported in the House, the Senate did not act on this legislation. Instead, we were only able to negotiate when the Senate was faced with the specter of meeting to negotiation or allowing the program to expire. Food stamp legislation became Title XV of the Food Security Act of 1985, and was signed into law two days before Christmas. I regret that not all of the program improvements negotiated by the Hose survived the Conference.

Like the AFDC program, food stamps suffered deep cutbacks back in 1981 and 1982. Although the Food Security Act restored only a small portion of the food stamp cutbacks and provided some very limited program improvements, these hold out a life line for the working poor who seek to escape welfare dependency. The changes which would assist those trying to escape welfare dependency include:

- The earned income deduction was restored form 18 to 20 percent
- A separate child care deduction was established
- The ceiling on the excess shelter deduction was raised from $139 to $147 a month.
- The maximum liquid assets which nonelderly households could have was increased from $1,500 to $2,000. Ironically, this limited increase was less than what the President's own Task Force on Hunger recommended in 1984.

Just as you are faced in the Child Support Enforcement program with proposals in the President's budget that would erode the needed improvements signed into law less than two years ago, we are faced with proposals in the President's budget to repeal the reforms I have just described, and also to repeal a number of other improvements to the food stamp program included in the Food Security Act the President signed five weeks before he submitted his budget.

A key initiative in the Food Security Act which holds out the promise to reduce welfare dependency is an innovative employment and training program. Much of the credit for this innovative approach goes to our colleague Bill Emerson.

For the first time, each State is required to establish an employment and training program for employable food stamp participants. States will have considerable flexibility both to design their own program and also to determine who will be served. States can use a number of approaches - job search, job finding clubs, workfare, training, and education relating to employment. States have been given flexibility to target this employment and training program on those recipients for whom it is most appropriate.

I hope that the flexibility in this approach will allow the administration to avoid the pitfalls that have plagued earlier attempts to enforce work requirements. Above all, we do not want a paperwork shuffle in which States engage in perfunctory compliance with arbitrary numerical standards. We really want meaningful programs that will result in constructive changes in people's lives. If States wish to target their resources on a minority of employable recipients in order to provide a more intensive -- and possibly more expensive -- program for these people, they should be able to do so.

I consider this approach cause for cautious optimism. In Massachusetts, the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition observed innovative employment and training projects administered with sensitivity to the needs of recipients and respect for their dignity. Much of what we learned there is reflected in the employment and training section of the Food Security Act of 1985.

Nevertheless, I must reiterate my earlier concerns about the danger of simple solutions to complex public policy issues. I want the flexible approach to work requirement and workfare to result in validated savings of Federal and State tax dollars as well as meaningful improvements in people's lives. This can best be achieved by avoiding dogmatism, inflexible Federal fiats, and coercive or punitive strategies.

While I believe our efforts to adopt a reasonable approach to employment and training are commendable, I am aware that future cooperation with the Subcommittee on Public Assistance and Unemployment Compensation will yield greater results for both AFDC and Food Stamp recipients. Indeed, improvements can be made in coordinating to assure that long-term employment opportunities are possible. In our approach, we must take into account several factors.

First, there must be adequate federal funding for employment and training, including child care and social services that remove barriers to participation.

Second, if performance standards for federal expenditures are required, we must assure that they do not undermine program goals. By this, I refer to the sensitivity of our Conference Committee last year in requiring the Secretary to vary performance standards by the type of activity offered (such as, job search, training, job finding clubs) and the category of persons served. Largely, the success of the employment and training program in helping the long-term unemployed under the Food Security Act depends on the variation of standards the Administration sets in these two key areas.

Incidentally, when the bill passed in the House last summer it had had no performance standards. It was not until Conference when the Senate insisted upon such standards that variation in these elements was included. I would also like to point out that a July 1985 GAO report provided additional justification for the House view that performance standards can be detrimental to program effectiveness.

Third, strict and rigid performance standards could further erode the effectiveness of employment and training programs if sufficient federal funds are not provided. In planning an employment and training strategy, we must not require states to cover too many people with too few dollars. I believe the USDA budget proposal to trim our employment and training program by $20 million in fiscal 1987, coupled with mandated performance standards of 25, 50, and 75 percent by 1989, is unrealistic. In actuality, the costs for employment and training would not be reduced. Were we to adopt the Administration's proposals, in fiscal 1987 alone, the state and local government share of the employment and training program would increase by $42 million over current law -- roughly $2 million more than would be saved by the federal government.

Fourth, in our approach to employment and training, we must recognize that welfare and food stamp dependant households are not monolithic. The diversity we provide by instilling flexibility in program administration at the federal level will make a dramatic difference for state and local governments attempting to meet the needs of this population. Variation in program design will ensure that recipients gain skills and experience necessary to plug them into area job markets. If we were to accept the Administration's proposal to require all states to serve the same percentage of work registrants regardless of the type of employment and training activities it implemented, we could guarantee that more intensive programs for the harder-to-employ would never be mounted.

Overall, I believe, we must avoid "creaming" that measures the number of persons placed in jobs, without regard to those that would have found jobs on their own. Federal standards could exacerbate "creaming" if we are not cautious. A better approach would be to target our resources toward breaking barriers to employment for long-term welfare dependant families, rather than spreading our resources too thinly.

Finally, I would suggest that coordination at the federal level with state and local governments is the only way that we will meet the challenge of employment and training for our welfare dependant population. Particularly at the local level, employment and training programs must allow for innovation. Government workers themselves must be convinced that this is not a "bureacratic nightmare" of regulations, but an effort to provide training, job search techniques, or placement assistance to those who may have no other place to turn. Ultimately, the dedication of persons providing employment and training will have a bearing on the success of the overall program.

At this juncture, we are still learning what techniques and approaches to work, education, and training are best. New programs must have built-in demonstration and evaluation components so that federal, state, and local governments may learn how to design successful programs.

In addition, we must be careful not to oversell the results of what employment and training can do. We can hope for modest positive effects, not necessarily a paneacea to low-employment or welfare dependancy. If our expectations are realistic, we may be able to implement effective programs that will have a signficant impact in the future. Slowly, and definitively, we can break the chain of welfare dependancy for many American families.

A major piece of unfinished business for both our Subcommittees is to improve the coordination between the AFDC and food stamp programs. If we can protect and nurture the improvements to the Child Support Enforcement program, the extension of AFDC to families with both parents present, meaningful employment and training programs, and ensure that welfare recipients always have a financial incentive to work, we will have made a constructive start toward a meaningful reform of the welfare system.

Chairman **Ford**. Thank you very much, Chairman Panetta, who chairs the Subcommittee on Nutrition of the Agriculture Committee.

Let me ask you, have you received word, I know we were in a whip's meeting earlier on the reconciliation from the Senate side this morning, have we received word on that?

Mr. **Panetta**. No.

Chairman **Ford**. As to what the position is on the UP situation?

Mr. **Panetta**. As I understand the Senate is in the process of contemplating the offer made by the House yesterday on reconciliation and we have not received a definitive response. It is on the calendar for action this afternoon. The whip's calendar included that as an element for action this afternoon, but I think it was based on hope more than fact at this point.

Chairman **Ford**. Chairman Panetta, would it be possible for this subcommittee to jointly do a field trip with your subcommittee as time goes on with witnesses and we get some direction as to where this public assistance subcommittee will be headed in designing or drafting legislation for a reform package to be introduced in the Congress?

Mr. **Panetta**. I think that would be an outstanding approach.

Chairman **Ford**. With the food stamp component, we think it is a major component to welfare reform and being within your jurisdiction, as time goes on we would hope that there would be some flexibility with the two committees to hold joint public hearings here in Congress or somewhere on the road.

I would like to see that happen as we move and make progress on welfare reform.

Mr. **Panetta**. I would look forward to that, because as you probably experienced and so have I, every time you go to these communities, one of the frustrating elements presented in the hearings by the people who are served by these programs is the frustration of having to deal in several different areas every time they—they know they qualify for certain benefits, they have to go different places, do different things under different guidelines, and frankly I think if we could coordinate our efforts in that way, I think what would be one of the most significant steps in terms of welfare reform.

Chairman **Ford**. I look forward to working with you and doing that as we move forward.

One of the comments you made in your printed testimony was that, you talk about the President's State of the Union Message and his profamily message within that message itself. What did you read from the State of the Union Message when the President talked about strengthening the family and America, the profamily matter, did you interpret that to refer to the legislation in reconciliation about the intact family, or the father not being placed in a position that he would have to desert the house in order for the children to receive AFDC payments?

Mr. **Panetta**. Well, I am sure the chairman shared my viewpoint on this but I think the great frustration in dealing with the administration on issues like this is the inherent contradiction between their words and their actions when it comes to issues like welfare reform, and the safety net and issues related to the hungry in this country.

Just the other day I had the experience of appearing before the Select Committee on Hunger on the problem of the homeless in our society, and John Bode, responsible for the food stamp and nutrition programs at Agriculture, gave testimony stating and taking credit for all of the programs that are directed at the needs of the hungry, the nutrition programs, school lunch programs, the programs aimed at the homeless, stating that all of these programs are available to people in need.

At the same time that he was testifying we have a budget proposal from the President that cuts over $1 billion from all the programs that he is taking credit for.

That is just—that is not this year, that has gone on the last 5 years. Every time they testify before committees that are concerned about the problem they take credit for the programs and at the same time on the budget side they are cutting the hell out of them.

You know, that duplicity frankly has to be presented to the American people. Same is true for the President's address when he talks about the concerns for the family, need to hold the family together, concern about welfare reform and yet at the same time, they oppose reconciliation in large measure because of what is contained in AFDC which is directed at holding the family together.

It is that kind of contradiction that is going to undermine any effort to try to seek really true welfare reform.

Chairman Ford. Have you or your committee had any contact with the Attorney General, Ed Meese, who is head of the Domestic Policy Council that is conducting the study for the President?

Mr. Panetta. No, I have not. I think probably one of the most important things for you and I to do is to make very clear to them that if they are going to proceed with any kind of meaningful recommendation that they better consider the work of our subcommittees and others in the Congress so that not only can they avoid duplication but hopefully we can direct them in ways that will accomplish the goals that they are after.

Chairman Ford. Hopefully we can communicate after this session later today and maybe come together on terms in making contact with the Attorney General's office.

Mr. Panetta. Great.

Chairman Ford. Thank you.

Mr. Panetta. Thank you, Mr. Chairman.

Chairman Ford. Our next witness is from the Congressional Caucus for Women's Issues, the Honorable Nancy Johnson of Connecticut.

We are delighted to have you, Congresswoman Johnson.

STATEMENT OF HON. NANCY L. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT, AND MEMBER, EXECUTIVE COMMITTEE CONGRESSIONAL CAUCUS FOR WOMEN'S ISSUES

Mrs. Johnson. Thank you very much, Mr. Chairman, I appreciate these hearings and the strong and persistent interest shown by your subcommittee and my colleague, Mr. Panetta, who just concluded his remarks. I am pleased that we have begun to assemble the pieces of the kind of solution that the Nation needs to address the pervasive problem of welfare dependence.

We are constantly assailed from all sides by the criticism of the American business community that its view is short term, that it is overly concerned with the month's bottom line to the detriment of the decade's bottom line. The same is true of Government policy. In my estimation in this era of Gramm-Rudman, it is even more important that we look long range at the cost of our programs, and their impact both on human resources and on the taxpayer. In that regard I think welfare reform must be at the top of our list.

As frustrating as the administration's position is to many members, nonetheless, I think in all fairness one must recognize their point, that the failure to build a welfare system that promotes independence is a bipartisan failure.

Our welfare system is founded on sand. It is founded on the belief that you can give people something and on the basis of that receipt they can change their lives.

They cannot.

You must give them education, you must give them training opportunities, you must give them day care support so they can take advantage of those education and training opportunities, you have to give them transportation and then you have to give them the right to move into the workforce and take the responsibility of the costs of day care in a gradual way. I want to talk to you this morning about H.R. 880, without repeating my prepared testimony word for word. This bill would offer welfare recipients a solid opportunity to improve their lives which is absolutely every bit as important to the Nation in preserving the quality of life that we value.

H.R. 880 does not restrict welfare recipients to whatever job training program is available. I think that is important. The bill specifically preserves their right and opportunity to advance to a community college, for instance, semiprofessional program if they have completed their high school degree, and qualify so that they not only can be placed in a job, but one in which they can earn an income that will support a family.

It is counterproductive to push people into low-paying jobs that cannot possibly carry rent and day care, never mind the rest, and to push them into those jobs before they have the training to be able to move up any reasonable career ladder.

One of the things that is unique about H.R. 880 is that it involves the recipient in development of a career plan. Many women on welfare are young women. They don't know what their options are. They don't know what the consequences of a career choice are.

They don't know whether they will like being in the medical aid specialties. They don't know whether they would prefer that over business. They have no opportunity to make an informed and deliberate decision, so once they do become employed, they have no sense of allegiance to that position nor any vision of where it might lead them.

It is important as we approach the issue of training and development that we provide that ability to make choices in the broadest sense and to have vision about where we are going, because it is through that understanding that independence is gained and control of one's life is taken.

H.R. 880 recognizes if you don't have transportation or no one to take care of your children, you cannot participate. This proposal recognizes reality at the front end, it recognizes reality at the exit end, as well. The program would put in place a declining day care subsidy that would decline not according to number of months in the workforce, but to salary level, a much more realistic measure of ability of an individual to assume the costs of day care.

The bill makes similar transitional provisions in the area of health care.

Also, the proposal would establish a half-time program. I think that is very, very important, because I think the message, particularly with the rise in teenage pregnancies, should be that parenting is a worthy responsibility, it takes time, it takes skill, it takes dedication, and you cannot be out of the home all day long to develop yourself while you are neglecting parenting relationships, and expect things to go smoothly.

If training programs are half-time then we send the correct message to our young people. If the training program is well grounded in developing an understanding of developmental stages in children as well as parenting skills for adults, we will not only have an educated, skilled employee, but will have someone who has developed the ability to parent and assume responsibilities which are very heavy in a single parent household with greater ease.

Last, my bill allows voluntary participation. But I would ask that as you and Mr. Panetta continue your investigations, that you keep an open mind with regard to the voluntary-mandatory issue.

As the mother of three young women who are now in the workforce, I believe we are sending a terrible message to young women who become pregnant as teenagers that it is all right to stay home and take care of that child 100 percent and neglect yourself 100 percent.

That it is all right not to be in school. That it is all right not to be getting your high school education. That it is all right not to be in job training and it is all right not to be looking ahead to your development and your interests.

That is the message we are sending.

We are saying it is all right to have a child and stay home. That is not the message Government should be sending. That is not the message those young women need. One of the reasons many of them are aware of where they are is because they understand that message. They don't matter, they have no potential, and no way to develop themselves.

We should say, we are going to pull you in but with a friendly hand, with a supportive hand, and with resources but we are going to pull you in. You must take part in this society that you are a part of by virtue of being alive.

That is important. A full-time mandatory program would indeed be destructive in regard to honoring obligations as parents, and the development and demand that are a part of those obligations.

But to encourage young people, in particular those without their high school degree, to believe that it is OK to become a parent and to do that and not take one's own development seriously, I think, is misleading and a wrongheaded message.

I would urge you to consider at least for those without high school degree a mandatory half-time program that is sufficiently funded and guided.

There are other components to a comprehensive job training policy that are relevant, and I would remind you of the number of initiatives there are that would spread training incentives more broadly in our society, and make it possible for small companies to be participating in the training of welfare recipients and others.

It is very important to spread the training opportunities into the smaller communities and you can only do that through small business, and my National Training Incentives Act would make that possible.

I am also about to submit a day care bill and I only mention that to you here because a portion of it will make day care support available to low-income people who don't live near publicly funded centers. It is another avenue shrinking the burden of day care costs on low-income working families.

Thank you for your interest in this matter, and your dedication to it. I understand that my colleague from Connecticut, Mr. Gejdenson, is going to talk about Connecticut's welfare workfare program—Connecticut Works—it is not a workfare program but it is a program that puts people to work.

It is important information and we are gaining experience nationwide in how to meet this important matter of creating independence rather than fostering dependence.

[The prepared statement follows:]

NANCY L. JOHNSON
[illegible]

[illegible]
[illegible]
[illegible]
[illegible]

[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

[illegible]
[illegible]

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON
PUBLIC WORKS AND
TRANSPORTATION
SUBCOMMITTEES
INVESTIGATIONS AND OVERSIGHT
ECONOMIC DEVELOPMENT
COMMITTEE ON
VETERANS' AFFAIRS
SUBCOMMITTEES
OVERSIGHT AND INVESTIGATIONS
HOSPITALS AND HEALTH CARE
SELECT COMMITTEE ON
CHILDREN, YOUTH, AND FAMILIES

Statement of the Honorable Nancy L. Johnson
before the Subcommittee on Public Assistance
and Unemployment Compensation
Committee on Ways and Means
March 20, 1986

Thank you, Mr. Chairman, for inviting me to testify on behalf of the Congressional Caucus for Women's Issues, on my proposal, H.R. 880, which would create work, training, and educational opportunities to welfare recipients. I commend you for your strong and persistent interest in a pervasive problem, that of welfare dependence, which troubles American families, taxpayers, and the American economy as a whole.

I have been impressed with the criticism that American industry and business have received lately for not taking a longer term view of investment, for paying too much attention to this month's bottom line. In government, too, we are inclined to determine this year's policy by this year's budget, although, as Gramm-Rudman has so painfully demonstrated, we now must reevaluate our priorities, for we can no longer afford to allow unsuccessful programs to siphon off our financial and human resources year after year.

Our social welfare policy, for example, concentrates on short-term assistance, on helping a family to survive on a month to month basis. But consider the following:

- 60% of welfare recipients do not have a high school diploma.
- A significant number of ex-welfare recipients, perhaps as many as one one-third, fall back on welfare within a year or two.
- 14% of all births in the U.S. are to teenagers.
- Half of these teen mothers drop out of high school, never to return.

Three-quarters of all single mothers under 25 live in poverty. We cannot expect them, or their children, ever to experience economic security if they have no education and no skills.

H.R. 880, legislation which has been included in the Economic Equity Act, would offer welfare recipients a solid opportunity to obtain secure employment with a wage that is sufficient to support a family over the long term. It addresses three aspects of reform which I believe we must consider if we are to fashion programs that are responsive to the needs of recipients as well as our efforts to reduce the deficit.

First, H.R. 880, unlike many existing welfare training programs, does not restrict a welfare recipient to whatever job training is available and a low wage job on which it is impossible to support a family. The participant must, at minimum, receive her high school diploma to finish this program. She must assist in developing and sign off on a career plan. And, unlike other proposals, the participant may then take advantage of the opportunity to develop a career direction in an approved post-secondary or vocational training program.

Secondly, H.R. 880 makes support services available. Transportation, child care, and health care represent a major expense for any worker and for the newly employed ex-welfare recipient, they are prohibitively high. In the past, programs have overlooked the important role that support services play in freeing a single parent for employment. Especially in the case of the newly self-reliant, the expense may mean a return to the welfare rolls.

Finally, the education and training components this bill outlines are voluntary, 20 hours per week, and include outreach to ensure success. However, the bill also offers states the option to apply for a waiver to mandate participation in the program.

Conditions are not always conducive to the creation of a cost-effective voluntary program, and could be especially problematic when the target group is adolescent mothers. Society, in my view, should not give a neutral signal to a teenaged parent, but clearly support her continued development, both as a parent and as the breadwinner for her family.

I do not need to remind you that the buying power of AFDC benefits has dropped considerably in the past fifteen years -- an average of 33% between 1970 and 1985. I am concerned that for as many as half of all welfare recipients, these grants mean long-term dependence rather than short-term assistance.

On March 18, I testified before this Subcommittee on another piece of legislation, H.R. 1219, the National Training Incentive Act. The issue we considered two days ago is germane to this hearing as well. The work environment in the United States is rapidly changing. Job seurity and opportunity is just as important for the welfare mother as it is for the dislocated worker. Without a productive workforce, we will not be able to retain our competitive position in the world economy, much less feed our own people, or support our rapidly aging population.

My father was supported by 17 workers when he retired on Social Security. Our children will be supported by three. If we in America don't care whether those three are reaching their full potential as workers and human beings, then we will not be able to sustain the quality of life that America has come to value and takes for granted.

Chairman **Ford**. Thank you very much, Mrs. Johnson.

You testified before on H.R. 880 before the subcommittee. You were talking a moment ago about the welfare system and teenage pregnancy problems, and these young ladies not going back to school or being trained with some skill to enter into the workforce.

Are you suggesting that welfare might be the blame for these problems?

Mrs. **Johnson**. I don't think there is any one thing that is to blame, but I can guarantee from experience that it is part of the problem, because at a time when a young woman sees very few options, it appears to be an option because we have failed in providing her with an alternative.

We must make sure that that is not so. We must make sure that assistance is connected with something that truly represents an option, like career planning, education, training, and support.

Chairman **Ford**. I guess that is the importance of a reform package now, the welfare program might have worked in the past but I am not sure it has all the ingredients that will be needed to respond to the welfare problem of our Nation. We look at your bill and 880, we are still talking about a demonstration program. We know that teen pregnancy is a big problem. We have heard a lot of talk about the President in his State of the Union saying those trapped within the cycle we want to see more independent of the welfare system, teenage pregnancy is probably one of the big causes of those who have been trapped and those who do not come off the welfare rolls during that 2-year period where we have 50 percent of the persons who go on and come off in a couple years.

The teenage pregnancy is probably keeping this dependency on welfare rolling over from one generation to another.

Besides your bill 880, and the legislation that you have introduced and which you discussed, that needs to be done for these families which you say, that could be done outside of your bill.

Mrs. **Johnson**. As to my bill being a demonstration program, I have wrestled with that issue because there are a number of programs across the country that are successful that you could describe as demonstration programs. But last year I testified to the effect that I thought that the information was there if we wanted to go beyond demonstration, if we felt we could afford it.

I am very frankly ambivalent on that question because the kind of program that my bill envisions is the only kind of program I believe, (*a*) is affordable, and (*b*) will work, because it requires communities to better coordinate existing services. Unless we knit communities together so they begin to have a common vision, so their education department begins to have a common understanding and a working relationship with their welfare department, unless their senior citizens center with an available bus begins to see its resources as relevant to other resources in the town, we are not going to create effective, reasonably cost-effective programs.

We have to do something in our new policy that enables communities to better integrate their resources and foster an integration of vision and a cross-fertilization that is essential to success. So I would like to see us combine some good programs where we make new uses of existing resources.

Yes, some new money, but also some new participation, new relationships. One of the reasons Connecticut Works, which is a subdivision of America Works, is successful, is because they have a different relationship with chambers of commerce. They have provided new access to the business community.

I used to chair the child guidance clinic in my town, which is an urban center with big housing problems, public housing, declining manufacturing, it could be a mini-Chicago. But it took us many years to develop a relationship between the school department and their resources to help us solve our problems. We cannot afford to spend 10 years building such relationships.

We have to look at adult education programs and say why aren't classes being held at 10 in the morning where there is class space?

Why doesn't the senior citizens bus make a run at 2 and 4? Why don't high school equivalency programs for teenage parents require child development? We have an enormous opportunity to better use our resources, and we are not stimulating communities to do that. As a result we are not putting these people at the center of an integrated network of concern.

Until we do, our programs are going to be very costly and they are going to fail.

We need demonstration programs in both rural and urban sectors. I wrote the mandatory waiver allowance specifically because you cannot run this kind of half-time, quality program in a rural area if you cannot provide day care for the number of children for example. To run an effective project you have to have an integrated classroom, participants, and a program.

Furthermore you are asking people to undertake this responsibility for the first time in their lives, and unless they do they cannot change their lives.

I don't know about you, but I have been through times in my life when the last thing I wanted to do is get up and go to work in the morning. It is because I did it that in the end things changed for me.

Now, that is not an easy lesson to learn, and it is not a lesson that many of our teenage parents have learned. They need support and guidance and some opportunity to learn it.

Chairman FORD. One final question.

As we wrestle with this issue of welfare reform, naturally we are looking at the work, training, and educational opportunities along with the teenage pregnancy problem and other components for a welfare reform package. We all know the environment here in the Congress is that we are working under severe budget restraints. Should that be a major factor as we look at welfare reform, whether it is the demonstration project in your bill H.R. 880 or a total demonstration for the Nation to put all the components together that will respond to the needs of the welfare recipients and the poor of this Nation to move them off the welfare rolls and hopefully into the workforce with the proper education and proper training?

Mrs. JOHNSON. I think it is our responsibility to be able to demonstrate that over 5 years or a decade that this is going to be a better policy. I believe we will be able to demonstrate that it is going to be cheaper as well. I am not concerned about being able to demonstrate that and I don't honestly think we have honestly done it. I think we need to assemble the information first.

When I talk about demonstration programs, I don't mean demonstration programs that will demonstrate that this is fiscally responsible because we don't have that kind of time. What I want is a demonstration period that is just long enough to be able to get some communities to try coordination and interrelation of services to finally put this problem at the center of a variety of initiatives rather than treating it in a vacuum.

We have an obligation to demonstrate to our colleagues that welfare reform is fiscally responsible. On the other hand, I think we have a very strong obligation to say fiscal responsibility cannot be defined by 1986, or 1987, or 1988, it must be defined over the long-term. I believe that we can do that.

Chairman **Ford**. Thank you very much, Mrs. Johnson.

The Honorable Richard Lehman, of California.

Mr. Lehman, we are delighted to have you with us. Sorry to make you wait so long, but we are delighted to have you with us.

STATEMENT OF HON. RICHARD H. LEHMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **Lehman**. Thank you very much, Mr. Chairman.

I would like to thank you for the opportunity to testify here today on an issue vital to preserving American families. I applaud this subcommittee under your leadership in actively pursuing welfare reform. I believe there are many avenues to be explored as we strive toward the goal of linking our Nation's welfare recipients to the American workforce.

My purpose in testifying today is first, to inform the subcommittee of what I view as a serious flaw in our Aid to Families With Dependent Children-Unemployment Parent [AFDC-UP] Program, and second, to summarize legislation that I have introduced which addresses this weak point. H.R. 3110 is currently pending in your subcommittee, and I am pleased that I now have the opportunity to testify on it.

In my view, one of the major shortcomings in the AFDC-UP Program is what is commonly known as the "100-hour rule." In the AFDC-Unemployment Parent Program, which currently operates in 23 States, the District of Columbia and Guam, benefits are provided to needy two-parent families where the principal wage earner is unemployed. In this program unemployment is currently defined as "not working, or working less than 100 hours per month." Consequently, when the principal wage earner works 100 hours or more, regardless of the amount of income he receives, he becomes ineligible for all aid. It is important to point out that the 100 hour rule is not sacred. It has been modified three times since the origination of the UP Program. In 1964, when the program was established, recipients could work up to 173 hours per month without losing their benefits. In 1969 it dropped to 150 hours per month, and in 1971 it was set at 130 hours per month. I have yet to run across any scientific or logical reason why this employment rule was set at 100 hours. This translates into 25 hours of work per week—considerably less than the standard 40 hour work week that most American's recognize.

As of September 1984, the average AFDC-UP payment per family was $479 per month. Simple math tells us that the primary wage earner would have to work 140 hours at minimum wages in order to match this average grant payment. The Federal Government, however, takes away all his benefits if he works just 100 hours. It is my view that this 100-hour work rule results in a clear disincentive to find employment. It discourages the wage earner in an AFDC-UP family from accepting job offers, or results in the principal wage earner limiting his or her hours of work to less than 100 hours in order to protect benefits for the family.

The primary wage earner should not be faulted for this action. In many States participating in the UP Program, the principal wage earner is allowed to refuse a job offer if the income from the job is less than the AFDC benefits which the family would otherwise receive. In a two-parent household with three children, the maximum AFDC grant in my State of California amounts to $753. If the primary wage earner goes to work earning $3.35 per hour, and works 40 hours per week, his gross earnings would be $580 per month. This is $173 less than the grant. In effect, if the father takes a minimum wage job, he takes $173 away from his wife and children. I ask you, what would you do in the same situation?

In addition to the 100-hour rule providing sufficient reason to turn down a job offer, other complications arise for those recipients who do in fact have jobs under the 100-hour limit. Employers may be discouraged from promoting or even increasing work hours for fear that the AFDC recipient would have to quit in order to retain benefits that are so vital to the well-being of his family. Not only is the 100-hour rule a disincentive for accepting certain job offers, it also impedes job promotion and advancement, which for many recipients may be their only ticket to self-sufficiency.

It is time to address this unfortunate flaw in the UP Program and to eliminate the work disincentive that has evolved. The legislation which I have introduced will do precisely that. The objectives of my bill, H.R. 3110, are threefold.

A reduction in the total amount of Federal, State and county tax dollars spent on the AFDC-UP Program.

An increase in the number of program recipients who will be linked to the job market.

And a chance to break the cycle of welfare dependency passed on from generation to generation.

Briefly, the legislation I have introduced would amend the Social Security Act to allow for demonstration projects to be setup, wherein the current 100 hour rule applied to the AFDC-UP Program would be waived. Parents would be required to accept any reasonable full- or part-time job offered. The family would remain eligible for AFDC, however, the amount of aid they would receive would be reduced by the net amount of such job earnings. The aid would continue until these earnings met the State standard of need, or equaled the amount their AFDC grant would be. This would encourage parents to enter the workforce and thereby ultimately reduce AFDC Program costs.

States wanting to setup demonstration projects would apply through the Secretary of Health and Human Services. A project would be conducted over a period of 3 years. Each pilot or demonstration project would be required to submit an annual report to the Secretary of HHS detailing the progress and accomplishments of the project. After the receipt of the final report, the Secretary would be required to submit to Congress a full report on all of the demonstration projects, including recommendations for congressional action.

In conclusion, I would like to reiterate the importance of this issue. The potential significance of maintaining policies that discourage employment are great. The current job definition discourages the acceptance of employment, thereby causing long-term dependency on this program. States currently operating AFDC–UP Programs are the largest and most industrialized States in the Union. Of the total AFDC caseload, 71 percent reside in the States participating in the Unemployed Parent Program.

This issue therefore becomes one of critical national importance.

The time has come to test the waters on new approaches to reducing welfare dependency. We need to break the cycle of welfare dependency passed on from generation to generation of welfare families. Working parents set role models, restore dignity and provide hope in families caught in the welfare trap.

Again, I thank you, Mr. Chairman, for this opportunity to present this testimony to you.

Chairman **FORD**. Thank you very much.

You have discussed the expansion of the AFDC–UP unemployed parent program. Are there others that the subcommittee should consider in this welfare reform package that we are discussing? I know there is a UP program in reconciliation and we don't know whether the Senate will report back to the House today. Your program is a lot broader than the unemployed parent program in reconciliation now. I think you have a good bill in the House.

As we consider the welfare reform package, are there others that the subcommittee should consider in drafting this package other than the UP program you discussed in your testimony?

Mr. **LEHMAN**. I think you should look at all of them. I think the key element has to be in every program trying to establish a link between the program and moving people into the work force and into the mainstream.

Let me tell you now I specifically became involved in this program. I am not on this committee and welfare is not my expertise, but my district has a large concentration of Southeast Asian refugees, one of the largest in the United States. These people, about 30,000 in one city alone, come here with no skills, with no integration in this society as far as our social customs and no knowledge of our language.

They immediately go on to the AFDC program and the AFDC–UP program. These are industrious people who would like to work, but they have absolutely no incentive to work and they would be foolish if they did because for every hour they work, they are building towards the 100 hours that triggers them losing benefits.

You cannot start out at a minimum wage in this country and in California for sure, and make more money than you could on the program.

So there is a tremendous disincentive for these people ever to get into the mainstream of society.

I suggest it is probably the same situation all over.

We have made welfare more advantageous, we have made work less advantageous than welfare in many instances.

Chairman **Ford**. Would you say the welfare program itself is to blame for that?

Mr. **Lehman**. We have to have a welfare program. I am not knocking the program. I am saying here is a situation where the law has a built-in disincentive to find employment, to get the skills necessary and go out into society to look for work. The administration has opposed my approach. They think it is some type of guaranteed income scheme, but I think it is a good deal better than the current situation in which if you are a parent and you are in a situation where you make more money on the program than you would working, you are foolish not to stay on the program, and you should.

But we ought to provide a link between that program and the job market and not penalize someone who wants to work by reducing their benefits.

Chairman **Ford**. Would you recommend strong components within the bill though, if there is a welfare reform package, emphasizing work, training and educational opportunities?

Mr. **Lehman**. Yes. I might also say we have a workfare program in California now but we also have the good cause clause so that that would not impact this specific area. Someone in California could still turn down work even with workfare if the work did not pay as much as their benefits would be.

Chairman **Ford**. Do you all have a voluntary system or is it mandatory?

Mr. **Lehman**. It is all mandatory.

Chairman **Ford**. Thank you very much.

Mr. **Lehman**. Thank you, Mr. Chairman.

Chairman **Ford**. Our next witness is the Honorable Steve Bartlett, from Texas.

Mr. Bartlett, we are delighted to have you with us today. You will testify on the SSI work legislation that I have cosponsored with you. I apologize for missing the press conference, but I was in the leadership session at the time you had the press conference.

But at this time the Chair will recognize you for your testimony.

STATEMENT OF HON. STEVE BARTLETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. **Bartlett**. Thank you, Mr. Chairman.

With your permission I would enter my testimony in the record and summarize the statement in its component parts.

Chairman **Ford**. Fine. It will be made a part of the record.

Mr. **Bartlett**. I want to start off by thanking you personally for the extraordinary amount of time and interest and effort you have put into this legislation. This legislation was introduced yesterday with your assistance and support, and is entitled "The Employment Opportunities for Disabled Americans Act."

As you know, it is legislation that is the follow-on legislation that was introduced also with your support and cosponsorship about 12 months ago as H.R. 2030. Yesterday when we introduced this we introduced it with 23 original cosponsors, I do expect as the legislation is circulated to obtain a much larger number of cosponsors for the legislation and by the time H.R. 2030 came to fruition, we had a total of over 50 cosponsors.

I would note for the record that in the original introduction yesterday we had four subcommittee chairmen of Ways and Means as original cosponsors and three ranking Republicans from Ways and Means, together with a large number of subcommittee chairmen and ranking Republicans from Education and Labor. As you know, Senator Dole was the original cosponsor together with original cosponsors from a significant number of Finance Committee of the other body.

All of that is a way of saying that this bill is both bipartisan and enjoys a rather wide ranging, broad and very deep support in this Congress.

Mr. Chairman, this legislation as you know is not legislation designed to add another service or create another program. In fact, the legislation is designed to eliminate a catch-22 in the law or to eliminate a major disincentive to employment in SSI, and disincentive for employment for disabled persons.

The legislation permanently authorizes section 1619 of SSI. Temporary authorization is the major disincentive to use of section 1619. The legislation does a number of other things with that section, which I will describe in some detail.

We do have some 6 years worth of experience in 1619 and that experience tells us that section 1619 does work in terms of giving people the opportunity and incentive to work when it is allowed to work.

It is the temporary nature of 1619 that is the primary fear or primary barrier to the use of 1619. Where are we today in 1619 in terms of its use? Currently there are about 7,200 people in the Nation as a whole, persons with disabilities who are participating in section 1619. That is 7,200 people out of a total universe of 1.8 million disabled Americans who are recipients of SSI who are of working age.

You find survey after survey in quantitative studies and anecdotal studies, it is the fear that section 1619 would somehow not be reauthorized that keeps persons from participating in section 1619 and becoming employed.

In fact, that fear is not totally unfounded or unrealistic. The Congress did allow section 1619 to expire, at one point for a period of 9 months at the end of 1983. What looks like a legislative logjam to us in the legislative process looks like perhaps the end of the world to someone who has taken that risk, has gone out and left the comfort of SSI and the Medicaid benefits that are there, taken the risk to get a job and then suddenly discovered that medical insurance may not be so permanent.

Mr. Chairman, I first became aware of the catch-22 in the law from a constituent that came to my office in Dallas and presented me with the following dilemma, and it is repeated time after time and case after case around the country. This person was on Social Security benefits both cash payments and medical coverage. The person was more than willing to forego the cash benefits and accept employment and in fact, had been offered employment, but could not take the job because of the loss of medical coverage and couldn't replace that medical coverage in the private sector.

So we have the catch-22 in which a person who is disabled and unemployed has both cash benefits and medical coverage, but because he is disabled and employed loses access to medical coverage.

Thus the persons lose if they stay unemployed and the Government loses because the Government pays the full amount. There are two basic benefits to this legislation, first, to those persons with disability on SSI to provide them with the security they need to accept that job and lead an independent life.

Second, there is a tremendous cost savings to the Government if SSI—section 1619 is more fully utilized. We do have some data on the savings to cash benefits. Cost savings to the Government in 3 years. One, is cash benefits are saved, second, income taxes are paid, and third, is reduction in cost of medicaid to the beneficiaries.

In terms of cash benefits that is an easily calculable amount. For every person that goes from unemployed status to section 1619B employed status, the Government saves some $4,000 a year in cash benefits that don't have to be paid. The disabled person is better off because the disabled person replaces the benefits with earnings, so for every 10,000 new people that go into section 1619, the Government saves $40 million in cash benefits alone.

In addition, there are savings in terms of additional revenue from income taxes, the State of Wisconsin just completed a study which concluded that the total additional income taxes paid to the government, Federal and State, is about $1,500 per person.

With the chairman's permission, I would like to enter that 4-page executive summary.

Chairman **Ford**. Without objection.

Mr. **Bartlett**. The additional savings is not calculable on the front end now. They will be as we know more, but it is the savings of reduction of the cost of Medicaid itself because Social Security tells us that the people who participate in section 1619, approximately 32 percent of them, are able to obtain private health insurance coverage. Medicaid then becomes the payor of last resort, so there is also some substantial savings in terms of Medicaid coverage.

We also know that many people are able to use section 1619 as a transition over a period of years and are then able to obtain their own medical coverage and Medicaid is completely out of the picture.

Mr. Chairman, I have included information in my statement as far as the other specific provisions of notice and reinstatement, also a list of the organizations that are endorsing this legislation, but more importantly organizations around the country that have provided very critical input to the drafting of the legislation.

As you know, the legislation has gone through several drafts. It has gone through that as a direct result of literally hundreds of comments as to how to make the legislation work specifically. Most recently from the National Council on the Handicapped. They did a study at the congressional request of disincentives in Federal law to employment and their conlcusion is this is one of the major disincentives, the lack of authority for 1619.

I know we have a vote on the Journal, so I will stop at that point and answer any questions.

[The prepared statement and summary referred to follow:]

STEVE BARTLETT
3D DISTRICT, TEXAS

COMMITTEES:
BANKING, FINANCE
AND URBAN AFFAIRS

EDUCATION AND LABOR

1709 LONGWORTH HOUSE
OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4201

6600 L.B.J. FREEWAY
SUITE 4190
DALLAS, TX 75240
(214) 767-4848

Congress of the United States
House of Representatives
Washington, DC 20515

March 20, 1986

Statement of Congressman Steve Bartlett, Testimony Before the Subcommittee on Public Assistance and Unemployment
on
"The Employment Opportunities for Disabled Americans Act"

Mr. Chairman, thank you for this opportunity to testify before the Subcommittee on Public Assistance and Unemployment Compensation. I would like to bring to the Subcommittees' attention a bill which was introduced yesterday and which addresses the staggering rate of unemployment among persons with disabilities. Before I begin I would like to thank you, Congressman Stark, and other Members of the Ways and Means Committee who have indicated their support for this legislation.

The purpose of the "Employment Opportunities for Disabled Americans Act" is to remove a major disincentive to employment faced by persons with disabilities who are fearful that working may jeopardize the health care coverage already provided to them by the Supplemental Security Income program (SSI). The legislation will: permanently authorize Section 1619 and thus remove the primary risk associated with working under the SSI program; require the Social Security Administration to notify prospective participants about the program, and where feasible, designate a Section 1619 specialist in district offices in order to enhance its utilization; and provide automatic reinstatement to those individuals whose irregular earnings would render them temporarily ineligible. Taken together, these and other provisions in the bill will serve to remove the barriers to employment which currently exist in the Section 1619 program.

This legislation is a final step in the evolution of Section 1619 that began in 1980. Current Members of Congress including Senators Bob Dole and Patrick Moynihan as well as Congressman Pete Stark had the vision to realize that provided with the appropriate incentives and services, persons with disabilities could overcome their handicaps and become independent. The step that we are proposing today is a refinement of the work that was done in 1980 when Section 1619 was created.

Currently, there are approximately 7200 persons with disabilities participating in Section 1619. The number of working age disabled Americans receiving SSI is approximately 1.8 million. Fear that Section 1619 will not be reauthorized prevents a significant number of those 1.8 million persons from taking advantage of the program. By permanently authorizing this program, we are removing a disincentive that presents itself as a risk to persons with disabilities.

Other provisions in this legislation aside from those mentioned here will:

Allow Section 1619 participants who are institutionalized to remain eligible for benefits for up to two months. This eligibility is provided to such individuals once within a two year period.

Require the Comptroller General to conduct a study of the operation of Section 1619 to determine the nature of the program's utilization and the effectiveness of related programs conducted in connection with the provision of benefits under Section 1619.

Allow individuals whose entitlement to child's insurance benefits under SSDI would make them ineligible for their SSI disability benefits, to continue to remain eligible for Medicaid, so long as they would have remained eligible for their SSI disability benefits in the absence of their SSDI benefits.

Extend the Social Security Administration's Waiver Authority regarding disability demonstration projects.

Amend the Social Security Act upon the date of enactment.

I would like to thank countless persons within the disability community who have contributed to the development of this legislation, and in particular recognize the efforts of Dr. Robert Griss with the State of Wisconsin, Department of Health and Social Services. Dr. Griss has provided me with valuable information and advice stemming from his research in Wisconsin.

I would also like to point out that the following organizations have indicated their support for this legislation:

Save Our Security (representing over 100 national organizations concerned with Social Security programs)

American Association of University Affiliated Programs

Association for Retarded Citizens of the United States

Epilepsy Foundation of America

Goodwill Industries of America

International Association of Psychosocial Rehabilitation Services

Mental Health Law Project

National Alliance for the Mentally Ill

National Association of Developmental Disabilities Councils

I became aware of that risk through numerous conversations I have had with disabled persons who have told me of the dilemma they encounter when faced with an employment opportunity. Let me take a moment to describe a composite of the kind of situation this legislation would impact.

The typical situation is this: a person disabled at birth, with a severe disability which may require that person to use a wheelchair and require the need for attendant care, has nonetheless combined the will to be independent with the appropriate training, and is offered a job with full time earnings. If the person accepts the job, and Congress does not reauthorize Section 1619, the individual is faced with the reality that the cost of his or her health care may consume the lion's share of earned income. Not accepting the job will maintain this person in the SSI program, with an approximate annual income of $4,000, but with eligibility for Medicaid services.

In other words without Section 1619, this individual may not be able to afford to earn a living. Forced to choose between working and not knowing if Medicaid eligibility will be available to meet health care needs, or not working but being assured that Medicaid services will be available, disabled persons are too often forced to choose unemployment.

This legislation has two benefits. First, it will provide persons with disabilities on SSI with the security they need to accept that job and lead independent lives. Secondly, it will provide a cost savings to the Federal government.

For every person who participates in Section 1619(b) and who would have otherwise received a full SSI benefit of $336, the Federal government saves a little over $4,000 a year. Thus, for every ten thousand persons who participate in 1619(b), we save $40 million dollars per year. In addition to this cash benefit savings, we know that this same 1619(b) participant will pay income taxes. A recent State of Wisconsin survey of working-age SSI recipients with physical disabilities estimates that the taxes generated on average by this participant are approximately $1500 a year. And on top of this we know, based upon information from the Social Security Administration, that 32% of 1619(b) workers are being covered by their employer's health insurance plan, resulting in additional savings in Medicaid.

The "Employment Opportunities for Disabled Americans Act" will contribute significantly to the lives of many persons with disabilities, and perhaps the greatest testimony to this is the bipartisan support it has generated. Major Congressional leaders from both sides of the aisle have indicated their support for this measure, and I am confident that this bipartisan spirit will continue.

National Association of Private Residential Facilities for the Mentally Retarded

National Association of State Mental Health Program Directors

National Association of Rehabilitation Facilities

National Association of Protection and Advocacy Systems

National Association of State Mental Retardation Program Directors

National Easter Seal Society

National Head Injury Foundation

National Society for Children and Adults with Autism

The Association for Persons with Severe Handicaps

United Cerebral Palsy Associations, Inc.

This legislation is by no means a panacea. It is important to note that unemployment among persons with disabilities will continue to be unacceptably high even with the changes to Section 1619 proposed here. According to recent figures supplied by the Congressional Research Service, 59% of working-age disabled persons are not working. This bill is part of the solution to this problem, but only a part. I look forward to working with Members of Congress on this and the remaining parts of that solution.

State of Wisconsin \ DEPARTMENT OF HEALTH AND SOCIAL SERVICES
1 West Wilson Street, Madison, Wisconsin 53702

Anthony S. Earl
Governor

Linda Reivitz
Secretary

Mailing Address
Post Office Box 7850
Madison, WI 53707

EXECUTIVE SUMMARY

REPORT ON HEALTH CARE COVERAGE FOR WORKING-AGED PERSONS WITH PHYSICAL DISABILITIES: A KEY TO REDUCING DISINCENTIVES TO WORK

Many persons with disabilities have difficulty obtaining access to health insurance for their health care needs. They are squeezed between (1) Social Security regulations which deny eligibility for Medicare and Medicaid to persons with the ability to work, (2) standard group insurance policies which do not cover on-going health maintenance needs, (3) employers who do not contribute to health insurance, and (4) insurance companies which do not provide coverage for persons with certain physical or mental conditions. As a result, many persons with disabilities cannot obtain the health care coverage they need if they are employed.

This study utilizes an anonymous sample of 437 working-aged persons with physical disabilities randomly selected from different categories within Wisconsin's Division of Vocational Rehabilitation (DVR) information system and participants of Wisconsin's five Independent Living Centers (ILCs) to examine the relationship between health care costs, health insurance coverage, and employment. It was found that persons with higher health care costs and more unstable health conditions were less likely to enter the labor force or earn over $300 per month than other persons with disabilities at the same level of education for whom health care was less of a problem. In addition, approximately twenty percent of the study sample claimed to have limited their work efforts in order to avoid losing Medicaid or Medicare.

While society's capacity for rehabilitation has greatly increased, many people with disabilities are afraid that they may not be eligible for publicly-funded health care if they demonstrate the capacity to work. Recent developments in medical technology and expanded public commitments to provide public education for all persons and to remove architectural barriers to participation in the mainstream could increase the labor force participation of persons with disabilities. However, the Social Security Administration's continued use of an earnings test to determine whether a person with severe, continuing medical impairments can engage in "Substantial Gainful Activity" (SGA) creates a substantial disincentive to work. If a person can earn more than $300 in gross monthly wages or approximately $70 per week (which is considerably less than even minimum wage to say nothing of the health care expenses of many persons with disabilities), he or she may not be considered legally disabled, and therefore may not be eligible for Medicare or Medicaid. As long as their access to health care coverage is dependent on earning less than SGA, many persons with disabilities cannot afford to work.

Recognizing that a permanent disability does not disappear when one begins to earn $300 per month, only 13.6 percent of working-aged persons with severe limitations enter the labor force according to the SSA's Survey of Disability and Work in 1978. This compares with a labor force participation rate of 82.6 percent for persons without disabilities. Even among those people who DVR rehabilitated to jobs earning above the SGA level, only 36.9 percent of the SSDI clients and 25.5 percent of the SSI clients were still earning above $70 per week after nine months. Another 30% of the SSI and SSDI clients in this group continued working after DVR placement but earned less than $70 per week. An examination of Wisconsin's DVR information system between 1980-1984 reveals that there has been no increase in the rate of vocational placements for persons with physical disabilities on SSI or SSDI in spite of various work incentives incorporated in the Social Security Act since 1980. Moreover, while 26 percent of DVR's clients in 1984 were on SSI or SSDI, only 3.1 percent of persons who DVR placed in jobs earning over

$70 per week were on SSI or SSDI. While the loss of health care coverage is clearly not the only disincentive to work, this study provides empirical evidence that many persons are afraid to demonstrate their capacity to work for fear of jeopardizing their eligibility for publicly-funded Medicaid or Medicare.

Health care coverage is particularly important to persons with disabilities who are more likely to have higher health care costs, greater health care utilization, and lower incomes than persons without disabilities according to various national surveys. An examination of a Wisconsin sample of 104 Medicaid recipients with various physical disabilities identified through the DVR system, indicated that in 1984 approximately one-third required some hospitalization, although the health care costs and the type of services needed varied widely among disability groups. But although persons with disabilities have higher average health care costs than persons without disabilities, only a small sub-set of persons with disabilities actually have unstable health conditions and extremely high health care costs. Nevertheless, many persons with disabilities are denied access to health insurance altogether or charged prohibitively expensive premiums because of their pre-existing conditions.

For persons with disabilities who were not employed, Medicare covered 54.5%, Medicaid covered 36.9%, and 17.6% were covered by group policies through a spouse or a parent within the DVR/ILC sample. Among persons with disabilities who were employed, most received group insurance through their own employers (43.2%) which actually increased to 73.2% for those who worked at least 40 hours per week. Small employers with clerical, sales, or service workers, paying low wages, and using part-time employees in high turnover jobs were least likely to offer group insurance policies. Individual policies from health insurance companies covered only 5.9 percent of those employed and 9.0% of those not employed. Similar to the uninsured in the general population, those without any health insurance included 14.4 percent of those who were employed and 9.0 percent of those not employed.

To reduce the disincentives to work and lower the financial burden of health care costs on persons with disabilities who choose to work, this report examines the strengths and limitations of various options to improve access to health care coverage for persons with disabilities. Among the options which can be implemented by state government are a combination of insurance strategies to influence the practices of insurance companies, health care providers and employers, and public financing strategies to redistribute the costs of health care. These include:

A. 1619(b) Work Incentives for SSI Recipients:

One of the most important work incentives which Congress created in the 1980 Social Security Amendments is the "1619" program. 1619(a) allows SSI recipients to continue receiving SSI cash payments after they begin engaging in substantial gainful activity (SGA) up to the SSI "break-even point." In Wisconsin, the SSI break-even point is $960.40 as of January 1986 which includes the state SSI supplement. 1619(b) permits SSI eligible persons to retain Medicaid coverage eligibility if they continue to need Medicaid services in order to work, and if their income is not sufficient to purchase the needed medical services. In Wisconsin, SSI recipients who earn up to $15,871 per year may retain their Medicaid coverage. But in spite of the availability of these health care supports, only 129 persons throughout Wisconsin were participating in 1619(b) in September 1985. This low rate of participation may be due to inadequate outreach by the Social Security Administration, lack of coordination between SSA claims representatives and rehabilitation staff, and fear among SSI recipients that they may lose their Medicaid coverage when the temporary 1619 program is scheduled to expire on June 30, 1987. Outreach could be greatly improved by SSA using its computer system to identify SSI recipients with various levels of earnings and sending them comprehensible information about 1619 along with their SSI checks. Wisconsin's Bureau of Social Security Disability Insurance could also inform persons when they are notified about their eligibility for SSI about the availability of 1619 work incentives. Moreover, SSI Field Offices could periodically circulate a notice to all agencies involved with SSI recipients to inform them about SSA's availability to conduct training on 1619 for agency staff. Furthermore, Wisconsin can support legislative efforts in Congress to make permanent and strengthen this work incentive program and to extend comparable work incentives to the larger group of SSDI beneficiaries.

B. Personal Care Assistance (PCA):

A PCA program can remove a critical obstacle to employment for persons who need attendant care for bathing, dressing, transferring, and bowel and bladder care. Some states have developed a state-funded PCA program targeting persons with physical disabilities who need more assistance than can be purchased through Supportive Home Care which is funded by Social Services Block Grant funds. Other states are funding Personal Care as a Medicaid optional service for persons who can direct their own care. Personal Care can be more cost-effective than Medicaid-funded home health care services provided by a certified home-health agency. To take advantage of this potential efficiency, Minnesota certifies PC attendants as individual Medicaid providers while Massachusetts uses Independent Living Centers as a Medicaid-certified agency to pass through Medicaid dollars for individual consumers to pay their own attendants. In both models, Medicaid has been used to reinforce consumer control. While a state-funded PCA program offers more flexibility in targeting resources to certain populations, a Medicaid-funded PCA program would tap federal Medicaid dollars and enable 1619 recipients to be eligible for PCA services while they are employed earning up to the state's 1619 threshold.

Although the study sample targeted persons with orthopedic disabilities, fewer than 20 percent needed any paid personal care. It has been estimated that only 150 working-age persons per one million population need fourteen hours or more of attendant care each week.

C. Pools:

If persons with disabilities are separated from the general population and concentrated in a high risk pool, their average health care costs are likely to be much higher than they can individually afford. The insurance principle is based on sharing risk among persons with high needs and low needs to arrive at a premium that all persons can afford. For employer groups with over twenty-five employees, insurance companies do not generally consider the health care needs of specific individuals in developing a group policy. As a result, the health care costs for persons with disabilities would be shared within the group and distributed among those who use less health care services than they pay for through their standard premiums. However, insurance companies may examine the health care needs of individuals who seek individual policies or attempt to join a group with fewer than twenty-five employees. Insurance companies and employers are also allowed to exclude from group coverage employees who work less than full time. By trying to recover their costs and make a profit from each individual or small group where the capacity to share risks is much lower, the insurance company protects itself from "adverse selection" by demanding a higher premium, excluding pre-existing conditions, or rejecting entirely the person with disabilities. As competition among insurance companies has led to the replacement of an average "community rating" by "experience rating" for different groups based on various indicators of risk, persons with higher needs are forced to gravitate to high risk pools which require government support.

1. High Risk Pools

Nine states, including Wisconsin, have a high risk comprehensive insurance pool for persons who have been rejected by two or more insurance companies. By concentrating high risk persons in the same pool, the premiums, deductibles, and co-insurance payments can be as high as $4,000 per year which are prohibitive to many low income persons with disabilities. Wisconsin is the only state which offers a modest premium subsidy for low income policyholders in the high risk pool. To finance the expenses which the high risk pool pays out beyond the individual premiums and the small state premium subsidy, insurance companies and HMOs are subject to an assessment in proportion to the volume of business which they conduct in the state. This unique funding arrangement does distribute some of the costs among all insurance policyholders in the state. However, self-insured employers who comprise the largest employers and account for at least 40 percent of the work force are exempt from the state requirement to contribute to the high risk pool by the federal Employee Retirement and Income Security Act (ERISA). As a result, there is great pressure from the insurance industry to limit the range of services which are covered by the high risk comprehensive policy and to require high risk policyholders to pay higher out-of-pocket costs. While this high risk pool provides an important service especially to older persons who cannot purchase individual insurance because of catastrophic illness, the existing high risk pool is likely to be both too expensive and too limited in coverage for many working persons with disabilities. It may be necessary to modify the existing high risk pool or create another high risk pool to accommodate the health care needs of persons with disabilities who are employed. Benefits would need to be expanded to more fully cover ongoing maintenance services for chronic disabilities, and strategies would have to be developed to distribute costs more equitably among all insurance policyholders and self-insured employers. In addition, state subsidies could be increased and expanded to the deductibles and co-payment requirements of low-income persons. Variations in deductible levels, premiums, and range of services could also increase the attractiveness of this high risk pool to more persons.

2. Uninsured Pools

The State of Wisconsin is considering the development of a State Health Insurance Program (SHIP) to provide health care coverage to an estimated 10.2 percent of the state population which is uninsured. Insurance for those in the SHIP pool could be funded by a combination of private premiums paid on a sliding fee scale, employer contributions, publicly subsidized premiums based on income or medical expenses, and assessments on insurance companies, HMOs, hospitals, doctors, drug companies, and other health care providers. If SHIP is able to create a sufficiently large pool of many persons with low risk, it may be feasible to include persons with disabilities in this SHIP pool to distribute their higher health care costs. Among the uninsured who are likely to have low risks and might be available for a SHIP pool include: full-time employees (28.2% of the uninsured in Wisconsin), children under 18 (29.5% of the uninsured in Wisconsin), and households with incomes greater than $25,000 (24.9% of the uninsured in Wisconsin). Other low risk groups without private insurance which could be added to the SHIP pool include AFDC families, General Relief recipients, and workers receiving Unemployment Compensation. If persons with disabilities are excluded from the SHIP pool, they could be covered by an Alternative Plan which the legislature also authorized for development, for persons who it may not be feasible to serve through the standard plan. Persons with disabilities might be able to take advantage of a separate high risk pool or a mechanism for a wrap-around policy to supplement inadequate standard policies if these were made available.

3. Other State Pools

The state might also consider creating larger pools of low risk persons by combining state and county employees, uninsured workers on Unemployment Compensation, AFDC families, and General Relief recipients along with persons with disabilities. Or the state can utilize its expertise to help small employers get access to more affordable group policies by administering separate buying pools through the state's Group Insurance Board for the purposes of soliciting bids for small employers.

D. Supplements or Wrap-Around Policies:

Standard health insurance policies do not generally cover certain ongoing maintenance services which may be needed by persons with physical disabilities. Such services include: attendant care, durable medical equipment purchase or repair, disposable supplies, drugs, and various therapies. A wrap-around policy which covers these services would enable persons with disabilities to supplement standard group or individual health insurance policies. Where it is not feasible to broaden the range of services available to all persons through the standard plan, supplementary wrap-around policies could be available to reduce the exorbitant out-of-pocket expenses which many persons with physical disabilities face for predictable expenses to maintain their basic health. Wrap-around policies could be provided through commercial insurance channels funded by employer contributions, a sliding-scale premium, and a public subsidy, or perhaps could be provided through public mechanisms like a Medicaid buy-in plan. The State could request a waiver to utilize Medicaid dollars for paying part of the premium for Medicaid eligible persons while their employers or they contribute to the premium on a sliding fee basis. Key to the utilization of a Medicaid buy-in plan is the comprehensiveness of Medicaid services which are not available through commercial insurance policies. It might also be possible to develop separate funding mechanisms with public participation for disability-related costs while non-disability related costs are handled by private insurance mechanisms.

E. State Re-Insurance Mechanisms:

Insurance companies reduce their risks by purchasing re-insurance policies from other insurance companies. These re-insurance arrangements cover losses above a certain level. Where the level of risk is uncertain, the state can provide its own re-insurance mechanism to protect the liability of insurance companies or HMOs covering populations which they do not have experience with. To attract HMOs to participate in Wisconsin's pilots to serve AFDC families and General Relief recipients, Wisconsin's Department of Health and Social Services has utilized a state re-insurance mechanism to cover the hospitalization costs of enrollees above a certain level. These re-insurance mechanisms can be extended to cover outpatient and in-home services to reduce the private risk of insurance companies and HMOs which cover persons with disabilities.

F. Insurance Statutes:

Although insurance companies are not obligated to provide health insurance to people who need it, there are certain regulations which insurance companies must observe.

1. Mandated service

The state mandates that certain services be included in group health insurance and HMO policies as well as in individual Medicare supplementary policies. Wisconsin Statute 632.895 requires that every health insurance policy which provides benefits for inpatient hospital care must provide coverage for at least 40 home health care visits per year. Home health care may include intermittent home nursing care, home health aide services, various types of therapy, medical supplies and medication prescribed under the home care plan. Coverage may be limited to cases where hospitalization or skilled nursing confinement would be necessary if home care was not provided. A statutory change would be required to extend these mandatory benefits from short-term care to long-term care to accommodate the ongoing maintenance needs of persons with disabilities.

2. Mandated access

The conditions under which an insurance company must provide coverage to a policyholder are regulated by insurance statutes. Insurance companies cannot terminate a policyholder or raise individual premiums because of an individual's medical expenses. A health insurance policy which provides coverage for a member of the insured's family must provide coverage for a child born with disabilities from the moment of birth. The policy shall cover functional repair or restoration of any body part when necessary to achieve normal functioning. (Wis. Stat. 632.895(5). Family coverage for dependents must continue regardless of age limitations specified in the insurance policy as long as the child is incapable of self-sustaining employment because of mental retardation or physical handicap and remains chiefly dependent upon the person insured under the policy for support and maintenance. (Wis. Stat. 632.88(1). Furthermore, persons who have been covered by group health policies have the right of conversion to an individual policy if they become unemployed. (Wis. Stat. 632.897). By examining the characteristics of the uninsured in Wisconsin, it may become apparent how existing coverage can be extended to include those who are presently uninsured. This may require new definitions of the "family" to include all household members and new definitions of "employees" to include those who work part-time or part of the year, and it may require new ways to fund premiums or premium supplements to extend and expand existing coverage.

3. Private right of action

Insurance companies are prohibited from refusing or limiting coverage, or charging a higher rate for the same coverage because of a mental or physical disability unless "based on either sound actuarial principles supported by reliable data or actual or reasonably anticipated experience." (Wis. Stats. 628.34(3)(b). Wisconsin's Office of the Commissioner of Insurance (OCI) provides an administrative process for resolving complaints filed by persons who claim unfair discrimination. Through the administrative process OCI may ask the insurance company for the data which was used to justify its underwriting actions. If OCI decides that the insurance company has discriminated unfairly, it can order the insurance company to change its underwriting practices, impose a fine, or require the insurance company to rewrite its underwriting manual. However, OCI does not have the authority to order an insurance company to insure a particular individual. Some critics believe that insurance companies would be less likely to discriminate on the basis of physical or mental disability if the consumer could sue an insurance company for unfair discrimination and collect attorney fees and court costs if successful.

4. Consumer information

Many consumers do not know which insurance companies offer the best coverage for their specific condition. A consumer hotline, modeled after the Medigap hotline operated in Wisconsin's Board of Aging and Long-Term Care, could provide reliable information about what is available and counseling for persons with disabilities about their options in seeking adequate health insurance. The capacity of the consumer hotline to keep track of updated information on all insurance policy offerings could be greatly enhanced through the use of a computer. This could provide a useful service to both consumers and insurance agents.

G. Employer Contributions:

Eighty-nine percent of the privately insured population under 65 were enrolled in employment-related group plans in 1977 according to the National Center for Health Services Research. Government wage policy during World War II and subsequent tax policy has created incentives for employers to offer group coverage to their employees. However, many employees working for small employers or working part-time or seasonally or working for low wages do not receive health coverage. As a result, the largest group of uninsured are the families of low-income workers. Most of these persons are prevented from purchasing individual health insurance policies either because of the exorbitant cost or because of pre-existing conditions. In the absence of federal or state requirements that employers contribute to the health care of their employees and their families, the state has to figure out how to insure the uninsured without creating incentives for employers to withdraw their existing contributions. The federal Employee Retirement Income Security Act appears to prevent states from requiring employers to contribute to the health insurance of their employees. However, the State of Hawaii has received an exemption from ERISA and requires all employers to offer a comprehensive health insurance policy to their employees. Hawaii is prepared to subsidize the cost for small employers if the cost exceeds 1.5 percent of the total wage bill or 5 percent of the employer's pre-tax income. As a result, 98.2 percent of the civilian population in Hawaii is covered by health insurance.

H. HMOs and Contracted Managed Care Models:

Recent federal and state policy is favoring the creation of health maintenance organizations (HMOs) to create competition among fee-for-service providers and reverse incentives for unnecessary and costly care. HMOs offer the potential for greater attention to preventive care, more continuity of care with primary care providers, and greater accountability to consumers through the board of directors and to the contracting agency. But it is not known how well the HMO model meets the needs of persons with disabilities. If HMOs are reluctant to refer people out to specialists who are not on their own staff, this may penalize persons with disabilities who have special needs.

While there are no HMOs which target only people with disabilities, many people with disabilities do receive services from HMOs through their employer group plans. The HMO experience of persons with disabilities should be closely examined to see how this model can be better adapted to their needs. In addition, models of contracted care which utilize different case management approaches should be carefully evaluated in order to identify more cost-effective ways to deliver health care services to persons with disabilities which can reduce the need for costly rehospitalization.

Conclusions

Problems with ensuring access to health care coverage for persons with disabilities are likely to be accentuated by changes in public policy designed to contain health care costs. Proposals to tax the employers' contributions to group coverage may reverse the trend toward comprehensive insurance which has tended to broadly distribute risk. If lower risk employees choose catastrophic coverage to reduce their premium costs, this will reduce the pool of low risk persons and increase the cost of health insurance for higher risk persons. Political pressure to create alternatives to Medicaid may also create special problems for persons with disabilities who cannot replace the comprehensiveness of Medicaid in the private market. And the trend toward HMOs may create obstacles for persons with disabilities to get referrals to specialists outside of HMOs. Lastly, the proposed use of Diagnostic Related Groups (DRGs) for Medicare reimbursement of rehabilitative services may limit access to needed services by persons with disabilities. Failure to increase access to health care coverage for persons with disabilities may perpetuate substantial disincentives to work, contribute to more costly risks of rehospitalization, and impose growing financial burdens on persons with disabilities who are employed.

An Advisory Committee within the Department of Health and Social Services is examining the feasibility of each of these options and will identify fiscal, statutory, and administrative requirements for implementing the most promising approaches. This information will be available for the preparation of budget initiatives that can be submitted to the Legislature along with the Department's recommendations for SHIP. Comments and questions should be directed to Bob Griss in the Office for Persons with Physical Disabilities, Room 434, One West Wilson Street, Madison, WI 53707; telephone number: (608) 266-7254.

Chairman **Ford**. Mr. Bartlett, if there are any questions we will reduce them to writing.

There is a recorded vote on the floor, and Mr. Gejdenson is here and I want to hear him before we break for the vote.

Thank you very much, Mr. Bartlett.

Mr. **Bartlett**. Thank you very much, Mr. Chairman.

Chairman **Ford**. Next witness is the gentleman from Connecticut, Mr. Sam Gejdenson, who the Chair will recognize. I know there are only about 4 or 5 minutes before we have to leave.

STATEMENT OF HON. SAM GEJDENSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. **Gejdenson**. We will beat the clock, Mr. Chairman.

Chairman **Ford**. I would like you to testify before we break. The Chair recognizes you.

Mr. **Gejdenson**. Thank you, Mr. Chairman, especially for allowing the 40 Members of Congress who are not on the Ways and Means Committee, an opportunity to testify.

I think my testimony goes in the same direction as the two preceding witnesses trying to find programs that while they do have initial cost to the Government, in the long range, provide tremendous savings.

Certainly some of the budget cuts proposed in the budget by the administration ignore those long-range savings—especially in light of what we are all trying to do, move people to self-sufficiency—and that seems to be a wrong-headed idea.

I would like to talk about one not in the direct perview of the committee, but certainly is one that provides the same assistance to individuals.

It is the WIN Program and particularly, the WIN Program as it is used in the State of Connecticut.

In Connecticut we began last October with the implementation of a WIN demonstration program which gives us additional flexibliity using both the Federal and State moneys. We have also created a partnership using other programs, and the job training money available added to the WIN Program gives us additional strength.

The old WIN Program was primarily concerned with finding employment for AFDC recipients regardless of the quality and duration of the job. The new program has a remarkably different approach which I believe will be more effective in helping unemployed people succeed economically, people who are on AFDC and other government support programs.

It concentrates on education and training, it helps coordinate not only the education and training but the transportation and day care services that are often necessary.

We can take a look at the excellent record of this job and similar programs in the State of Massachusetts. In Connecticut alone we estimate the first year will remove 5,000 people from public assistance—saving the Government over $2 million. Clearly it is an excellent investment. And Massachusetts' success in the ET Program has an outstanding record and has gotten the national recognition it deserves.

In short as your committee works with the other legislative committees who have jurisdiction in this area, we would hope the WIN Program, especially in the manner that it is used in the State of Connecticut, is given some attention.

I think that just to close with a view of some of the comments of the preceding witnesses, continuing to provide health care services for the poor as they enter the job market and finding government programs that help them make it in those early days is critical.

As a State legislator, one of the first and most painful conversations I had was with a mother who had just found work and found that the insurance cost to cover the medical needs of her children would force her to leave work. There was no way with the entry level job she had that she could take care of both the shelter, clothing, and food needs of the family, and the medical needs of the family.

So, I think that we have an opportunity here to make some changes. It is going to cost some money. We ought not fool the American people. But that short-term investment will create tremendous savings, not just in financial terms, but in the quality of lives of many of the citizens of this country.

So I thank you for the attention you are paying to this issue, and I would be happy to respond if you have any further questions.

[The prepared statement follows:]

Statement of Hon. Sam Gejdenson, a Representative in Congress From the State of Connecticut

I would first like to thank Chairman Ford for providing Members of Congress who are not on the Ways and Means Committee a chance to formally express their ideas about welfare reform. Such an important and controversial issue deserves a maximum of debate.

The most aggravating and frustrating type of budget cut is one that ignores the long-range savings to the Federal Government created by the program scheduled to be reduced or eliminated. Such is the case with the WIN Program, which the Reagan administration has proposed eliminating in FY 1987. I strongly oppose this proposed budget cut, especially in light of WIN's positive effects on Connecticut's welfare recipients.

While I realize that this subcommittee does not have jurisdiction over the WIN Program, I feel that a full discussion of welfare reform would not be complete without talking about the role of the WIN Program in the process of revamping our Nation's system of public assistance. In this subcommittee's future deliberations on the AFDC Program, it is important to keep in mind the role of WIN in moving AFDC recipients into full-time substantive employment.

The latest administration attack on the WIN program comes at a critical time in Connecticut's program. As of October 1, 1985, the State of Connecticut has begun implementation of a WIN Demonstration Program. The State is using the increased flexibility of the demonstration program to focus on long term training and education to increase economic self-sufficiency. Federal WIN funds have been combined with State money to form a partnership aimed at finding AFDC recipients employment and decreasing State and Federal spending for economic maintenance programs.

The old WIN Program was primarily concerned with finding employment for AFDC recipients regardless of the quality or duration of those jobs. The new program has a remarkably different approach which, I believe, will be more effective in helping unemployed people succeed economically. It concentrates on educating and training AFDC recipients to make them marketable in today's tough job market. The new program will allow welfare recipients to become completely independent of public assistance by training them for jobs with good wages and benefits, not simply "make-work" jobs.

To achieve this goal, the department of income maintenance in Connecticut, which supervises this demonstration program, is concentrating not simply on providing proper education, but also on monitoring the recipient's progress closely before and after the job placement. By ensuring that program participants also have money for child care and travel related expenses, the State can make sure that its hard work does not go to waste on people who cannot leave their children unattended or who do not have any means to travel to the workplace.

The State of Connecticut estimates that 5,000 people on welfare will find jobs in the first year of this program's operation, saving the Government over $2,000,000. Clearly, this is a wise investment. One goal in Connecticut is to match the State of Massachusett's success in its "ET" program. While the Federal Government is debating whether it should expend minimum resources to continue the WIN Program, the State of Connecticut, which can see the program's successes on the local and human level, is trying to find a way to increase its share in the WIN partnership.

In short, I feel that it would be a tragic mistake to withdraw from the WIN partnership at this point in time. This program's ability to take welfare recipients off the welfare rolls has been proven and States such as Connecticut are launching new and innovative programs designed to increase the success rate. I find it ironic that the President, who has for years attacked welfare programs as being full of "welfare cheats", would even consider withdrawing support from the program which provides them with the education and training they need to succeed in today's job market.

I would again like to thank Chairman Ford for allowing me to testify in front of the subcommittee today on this important matter. I hope that the subcommittee can use the information it has collected today to work for creative and new solutions to the problem of welfare dependency.

Chairman FORD. Let me ask you this, in talking with your officials in the State of Connecticut, have you discussed with them about the WIN Program as it relates to the structure of the program, the funds appropriated to the WIN Program, which is key, the funds appropriated or the structure itself?

Mr. GEJDENSON. I think what is helpful is the stimulating of funds clearly. The State then—we have all got political reality to deal with. When you put that Federal carrot out there they can go back to their constituents who they are closer to in many ways and can say, look, we are spending more funding on welfare, but we have the State match that not only helps reduce the initial cost of the program but in the long range we can show you we are getting people off welfare and that is savings, not just in this generation but in future generations.

So I think you are right, in many ways it is the Federal stimulus to a partnership program that helps people get off welfare that is the critical aspect more than any one particular title or format. That is the critical aspect.

Chairman FORD. Thank you very much, Sam, for testifying.

The committee will stand in recess for 15 minutes.

[Recess.]

Chairman FORD. The Subcommittee on Public Assistance and Unemployment Compensation will reconvene.

There is one member missing, Mr. Stangeland, who will not be with us.

His printed testimony will be given to the reporter and will be made part of the record.

At this time, the Chair will recognize Hon. Sander Levin, of Michigan.

We are delighted to have you with us before the subcommittee. It is always a pleasure to have you.

STATEMENT OF HON. SANDER M. LEVIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. LEVIN. Thank you, Mr. Chairman.

Chairman **Ford**. The Chair recognizes you at this time.

Mr. **Levin**. Thank you.

Since under your normal procedure my statement will be printed in the record, I would like to proceed with a summary.

Chairman **Ford**. Your full statement will be entered in the record.

Mr. **Levin**. Let me touch on a few highlights.

I believe a lot of people in the Congress and outside of it are encouraged by this subcommittee's, with all its other important work, trying to pick up the threads of issues in this vital area. There is a tendency to say let's study it more and study is needed in any complicated area, but this is one where action is so critical.

We know first of all the nature of need. The average monthly AFDC caseload as you know today is over 10 million people.

A second important point, there are some tools that we have been working with in our American society and they are tools that in some cases have been working. We can look at the experience under title 4C, the WIN Program, the training efforts, the educational efforts that have been undertaken with those moneys.

We can look at title 4A of the act, the work-experience provision and what is happening under that.

We have had in recent years another program, JTPA, with its priority provisions for welfare recipients. Well, one might ask if the need is clear and we have already been working with some tools, why is there a need for further action before the Congress?

Let me sketch briefly why there is further action required, and how the bill I am introducing addresses these needs.

First of all, authority is scattered. We have these various titles, there is coordination provided but often ineffective coordination.

Second, we have not really embedded in law the results of our experiences. Massachusetts has been using, as we know, title 4C moneys among others. My testimony outlines the progress that has been made in Michigan.

A few times I have asked my good friend Dr. Agnes Mansour why Massachusetts has received so much more publicity than Michigan. A lot of the progress that has been made and a lot of experiments undertaken in Michigan have not yet received national scrutiny, but as indicated in my testimony, the results are rather striking both in terms of reduction in the caseload and so importantly in terms of what has been happening to tens of thousands of people.

People have been given not only interviews and not only advice into how to seek a job, but they have been given educational opportunities and training opportunities.

So the second need here is to incorporate experience within the framework of law.

And a third area of importance in my judgment is there has to be emphasis on training people to a greater degree. My experience comes in part from my opportunities of chairing the Democratic task force in the House on training and retraining needs, and the connection between work and welfare is one that we increasingly understand.

The legislation that I am sponsoring has, Mr. Chairman, six basic elements. First is a requirement that each State develop a comprehensive employment and training plan for welfare recipients. Now, while there is planning incorporated in law, it has not been implemented in a fully comprehensive and effective way.

The second point addresses to the issue of mandatory provisions. This bill would establish mandatory registration in counseling and assessment for all employable AFDC recipients.

The emphasis is on the registration, counseling, and assessment.

We have discussed within our staff—and there is considerable expertise there, if I might say so—the issue of whether we mandate beyond that point.

The bill at this juncture does not do so. The experience in States like Michigan and Massachusetts has been to involve the welfare recipient in the system, to bring them into the flow that leads to work and not to put emphasis on mandatory provisions that end up really with perhaps impressive mathematical numbers, but not with people who are working productively.

The fourth element guarantees child care provisions and transportation assistance. Now this is provided only on a very limited basis. If the experience in the States like Massachusetts and Michigan means anything it tells us that the key, or a critical key, is comprehensiveness. If it is done piecemeal, it is not done at all for most cases.

The fifth relates to funding and there is a suggestion of some change in the formula moving toward more and more State assistance, but providing some additional assistance to States which meet performance standards. I am now referring to page 6.

This is tied into our sixth element and that is performance measures and the measures would be outcomes—that is, people placed in positions, people who are trained, people who receive education opportunity.

There has been a twist, Mr. Chairman, if I might close on this point, on this issue of work and welfare. I think a number of years ago it was presented as if it were kind of a punitive measure to respond to the inertness of people on welfare rolls. I think we have learned that what we need is a different assumption and that is a lot of people receiving ADFC would respond to a work opportunity and training opportunity, and then we need to tailor the response, our response to that basic drive and that is to be productive and we should respond by providing training, retraining, education opportunities, child care, transportation.

I think we are beginning to take a hard look beyond the numbers, Mr. Chairman, a good number of people who are receiving assistance in various welfare programs in this country are illiterate, not all but a good number; many are high school dropouts; many of them suffer from the vicious circle that has existed in this country for many, many people and for many, many groups in our society.

People need a way out. It is better for them and it is perfect for society if we provide that opportunity. This bill is an effort to mold together the need with a true response, not punitive measures.

So, I welcome this opportunity to testify before throwing this bill into the hopper and to give, if I can, a further shove to your efforts to address this critical issue and I would like to participate in any way that a nonmember of the subcommittee can effectively involve himself in this matter.

Thank you for this opportunity.

[The prepared statement follows:]

SANDER M. LEVIN
17TH DISTRICT, MICHIGAN

COMMITTEES
BANKING
GOVERNMENT
OPERATIONS

SELECT COMMITTEE
ON CHILDREN, YOUTH,
AND FAMILIES

Congreſs of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE
323 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4961

DISTRICT OFFICE
SUITE 1120
NORTH PARK PLAZA OFFICE BUILDING
17117 WEST NINE MILE ROAD
SOUTHFIELD, MI 48075
(313) 559-4444

Statement of Hon. Sander Levin, A Representative in Congress
From the State of Michigan, March 20, 1986

Mr. Chairman, I thank you for the opportunity to testify on work, training, and education opportunities for AFDC recipients.

Right now the average monthly AFDC caseload is well over ten million people. I think we can all agree that that number represents too many people caught in a web of poverty and dependency. I think we can also all agree that given the right tools we can offer many of these people the opportunity to move out of poverty and dependency and into lives of greater economic security and self-sufficiency.

Over the last few months, welfare reform that offers people the opportunity to turn their lives around has attracted an increasing amount of attention, thanks in part to a good deal of local and national mass media exposure, in part due to the efforts of this panel, and in part due to the Administration's repeated suggestions that, after sufficient study, a workfare system replace the current AFDC program.

Undoubtedly, further study is needed to fully explore a comprehensive reform of the AFDC program. On the other hand, Presidents from Johnson on have been issuing reports on what we need to do to make welfare work better.

I think that we now know enough to begin the process. We can build off the proven records of the 22 states that operate WIN Demonstration programs. Already we know what works and, in many cases, what works best.

I think we also know that the time for reform has come and can't wait for the Administration's Domestic Policy Task Force recommendations. Since 1979, child poverty has increased 31%, the sharpest increase since poverty statistics have been collected. We need to do something now to give greater opportunity to the millions of poor families receiving welfare payments and to the one out of five American children who live in poverty. We need welfare reform now not, as some might have it, because we wish to expedite punishment or judgment of those in poverty. And not because we wish to blame those in poverty or force them to exchange their welfare benefits for make work that leads them neither out of poverty nor towards new skills that can guide them out of a dead end road. We need to act now because we know some of the answers that can help families now.

We know some of the difficulties those receiving welfare, and I mean the adult and not the two thirds of all recipients who are children, face. We know that one half of all AFDC recipients are high school drop outs and that many are functionally illiterate. These people often need remedial education and the opportunity to complete their education if they are to succeed at any level in the job market.

Even more important we know that female heads of households, aged 25 to 34, can earn enough to keep a family of three out of poverty in 80% of all traditionally male occupations but in only 45% of all traditionally female occupations. For a single woman raising her children this fact mandates that she finds not simply a job paying the minimum wage that guarantees that she and her family will remain mired in poverty; she needs a job that can bring her an adequate income and at least some health benefits for her family. To find these jobs, these women need more than simple job hunting skills; they need training that will let them enter the job market primed to find and keep a good job in an expanding field. To give them less is to only hold out false hope and, for many, a return to the AFDC rolls.

Job search and short term work experience are not enough. The Administration's proposals to exclude education and training opportunities from their workfare proposal is short sighted and counter-productive. If AFDC recipients are to leave the welfare rolls for a private sector payroll we must provide a training program that meets their needs - remedial education for those who can't read, skills training in occupations where there is growth, experience on the job to learn work habits. Any reform must also assist with child care and transportation costs. Finally, our program must also give priority to finding jobs that not only pay well but also provide health benefits. We should not expect mothers of young children to give up their medicaid benefits for a job that does nothing about health coverage.

We have all heard much about the success of the Massachusetts ET Choices program in Massachusetts. But Massachusetts is not the only state that has had success in helping many, many AFDC recipients leave welfare for work.

In 1984, my state began the Michigan Opportunity and Skills Training Program (MOST), relying in large part on WIN funds and WIN Demonstration authority. When the program began, Michigan's AFDC caseload stood at 245,924, at the end of 1985 the caseload had fallen to 218,501. In less than two years, better than 55,000 people found work after going through some type of education and skill training. Approximately one half found jobs that offered health benefits.

To prepare people for jobs, the MOST program offers welfare recipients a variety of training opportunities. Since 47% of all MOST participants begin the program without a high school diploma, general education is a necessity. Many participants also take advantage of job specific vocational education programs and commmunity college courses. Participants are trained for clerical positions, word processing, food service occupations, auto mechanics and a variety of other growing occupations. For those already job ready there are three separate forms of job search - job club, job seeking and job development - each tailored to the specific needs of specific participants. And for those in need of job experience, in order to develop improved work habits and attitudes or to maintain or upgrade existing skills, the Community Work Experience Program offers a valuable opportunity.

To insure that all recipients can maintain their participation, MOST allocates about 9% of its total budget for child care and approximately 18% for transportation costs - particularly important for rural participants. The program is not cheap, running approximately $40 million a year - $18 million from WIN and the balance from state revenues. But it serves a monthly average of 41,451 welfare recipients and, as of August 1985, had already saved $36,187,368 in reduced welfare payments. As the long term effects of that saving accumulate, that dollar total will rise.

Based on the proven record of Michigan's WIN Demonstration project and the many other successful AFDC work, training, and education programs I was fortunate enough to review as Chair of the Democratic Caucus Task Force on Job Training, I have put together a bill that I will be introducing in a matter of days that seeks to build on the proven record. I have attempted to combine the best parts of several programs while maintaining each state's right and need to build a program tailored to their particular situation.

The bill I have put together contains six elements. First, it would require all states to develop a comprehensive employment and training plan for welfare recipients. The effect would be to coordinate the separate funding and program authority that now exist under Title IV. The Governor would decide how the program would be administered, The bill would also require that this training program be developed in partnership with other state and local agencies responsible for job training and education including programs administered under Job Training Partnership Act, Employment Service, vocational education, local education agencies and community colleges.

Second, the bill would establish mandatory registration, counseling, and assessment for all employable AFDC recipients. Registrants would then have the opportunity to participate in an appropriate combination of education, training and work activities designed to lead to permanent employment. States would be encouraged to promote the voluntary participation of persons exempted from work-related requirements.

Third, all of the employment activities currently permitted under WIN/WIN Demonstrations, JTPA, and under all other AFDC work program authorities would be permitted. States would be required to offer education and training options to those who need such opportunities to become job ready.

Fourth, child care and transportation assistance must be available to those participants who need it all points during the program.

Fifth, funding would be provided on a 75% federal and 25% state matching rate for all training and education costs and in the outyears would be raised to 50% except where states exceeded performance standards. Administrative and support service costs such as child care and transportation would be funded at a 50% federal and 50% state matching rate.

Sixth, performance would be measured by outcomes. Building on the JTPA experience, both national and state performance standards would be set. States that met or exceeded performance standards would retain a lower match rate. Those that failed to perform would be given the opportunity for corrective action. If performance continued to be unsatisfactory, states could be denied federal matching funds. Standards would be set by the Secretary of Labor in consultation with state officials and other experts and should take into consideration such measures as job placement rates, wage rates and gains in comparison to AFDC benefit levels, job retention, reduction of welfare costs, and percent of jobs that include employer financed health care benefits. In measuring performance, recognition is needed of the greater difficulties in achieving outcomes for clients who have greater barriers to employment. Performance standards must also take into account the unemployment rate in each state. These performance standards should be coordinated with JTPA standards.

Over the last few years we have learned a painful lesson; a rising tide does not lift all boats. And some people, we have also discovered or rediscovered don't even have a boat to get into. But we can build a national program that offers those in poverty new opportunity. We can help those who are stuck on the bottom to find their own way up and out.

I believe this bill gives states the tools and resources they need to reform our welfare system. Our goal is to help those receiving public assistance leave the welfare rolls and join a payroll. Our goal is to help tax users become tax payers. The time to act is now.

Chairman **Ford**. Thank you, Mr. Levin.

The bill that you are about to introduce in the House, is that a part of your study as chairman of the Democratic Caucus on Job Training.

Mr. **Levin**. It is a spinoff, yes.

Chairman **Ford**. It is a spinoff of that. In view of that, you talked about Michigan's WIN demonstration program, you complimented it. Now you know that the WIN Program is being asked to be dismantled by the administration. We have been asking different ones about the funds appropriated or the structure itself of the WIN Program, which is the question before the subcommittee, which is most important. It is not that the subcommittee has taken a position. We have supported the WIN Program in the past although the administration would like to dismantle it.

Let me ask you, which of the two components, or is it both components, which would be the key ingredient to work, education, and training opportunities for welfare recipients?

Mr. **Levin**. In a word, I am mystified how one can talk about combining work with welfare and to abolish WIN.

The Congress decided to reshape WIN to have demonstration programs, right? The lesson from the demonstration programs is basically that we can make them work. I don't mean magically or easily. Now that we have demonstrated they are a success, the proposal is to cut off the program.

I find that absolutely mind boggling. I believe that something good is going to come out of this budget crunch and that is we are going to face up to priorities in America and we are going to understand what priority skills training and retraining must have in modern day America.

I believe that knowing how to reform WIN, we should further reform WIN, not abolish it.

Chairman **Ford**. Earlier this morning Mr. Panetta, one of our colleagues, testified before this subcommittee and he made mention of a Project Hope in Michigan. Are you familiar with that program?

Mr. **Levin**. Yes; and I have a bit of a conflict of interest in the sense I have a kid who works for Focus Hope. But I think I can be objective anyway because I had a chance to look at the program before he went there.

He is just a 17-year-old who is now working there.

Mr. Chairman, I wish everybody could go and I will be brief on this, to see what Focus Hope is doing.

Chairman **Ford**. Give me the right title, is it——

Mr. **Levin**. Focus Hope.

Chairman **Ford**. OK.

Mr. **Levin**. It has perhaps the largest food distribution program in the Midwest. But what it has done is to go beyond food distribution, as vital as that is, and to undertake the most imaginative training and retraining efforts, outreach efforts, and they are now combining those training and retraining efforts with small-scale enterprises that they are developing on the site of Focus Hope and they are taking more and more buildings over in what was once a small, industrial center.

Private enterprise is a partner in Focus Hope, building it into their training and retraining programs.

I had the privilege of addressing the graduation program there about 1½ years ago; 250 people go through this retraining effort. Most of them were long-term unemployed. Many of them were never in the workforce before.

The exciting thing about Focus Hope is that it is working. The question is, how do we make it work in other places?

I suggest that people look at it carefully and understand why it is working. Part of its success is due to the fact that it has unusually dynamic leadership. But of critical importance is the fact that it is based on a partnership of Federal, State, local, and private resources.

You pull out any of those legs—that is a four-legged stool I guess—you pull out any single one of those legs and you are going to badly damage the program.

It is a wonderfully vivid example. It should give us hope.

It is working. It is working.

Chairman FORD. Where are the funds coming from for this?

Mr. LEVIN. They are coming from various sources, Federal—and I have a chart and I don't remember it exactly but they have a pie chart and the pie shows that a good portion is Federal, a good portion is State, and a good portion is private. Some of the State funds come from the Federal Government; some of the private is pulled in through the leveraging of Federal funds.

Father Cunningham has said to GM, Ford, Chrysler, and other companies, I have in my hand so many Federal dollars, will you match it?

Chairman FORD. Are they Federal dollars or Federal programs that are in existence that they are blending in with and maybe responding to some of those needs?

Mr. LEVIN. They are Federal dollars from JTPA.

Chairman FORD. A combination of other Federal programs then?

Mr. LEVIN. Yes.

Chairman FORD. OK.

Mr. LEVIN. There is no earmarked funds for Focus Hope. I was there when Secretary Brock was there just a few months ago, and what Father Cunningham who heads Focus Hope was trying to sell Mr. Brock on, the Secretary, was they ought to take defense moneys with the help of the Labor Department and place them in Focus Hope. He is looking for dollars everywhere.

Chairman FORD. What was Mr. Brock's response to that?

Mr. LEVIN. He said he would go back to Washington and look into it.

There is going to be a healthy competition here fairly soon, I think on the training, and retraining issue. I think the Secretary is aware of the immense gap between need and our response capabilities in America. We have unfilled jobs and we have people with unfilled hopes and aspirations.

Chairman FORD. In that we cannot do all we would like to do to reduce welfare dependency, what do you think should be our first priority as relates to welfare reform, reducing the welfare dependency and making those recipients who are trapped in the cycle, free and independent of the system itself?

Mr. LEVIN. I would say——

Chairman FORD. You have made a list of five, six, seven items here and maybe going beyond those that would be in your bill, if we were going to prioritize the agenda for welfare reform how would you set the first three goals in welfare reform, after looking at Focus Hope, and talking about the strength of the WIN demonstration program in your State of Michigan and knowing what you do know about the welfare system itself, if we were going to prioritize and you would be making recommendations, how would you identify or what would you say should be the first three priorities in this package?

Mr. LEVIN. Well, I think I would pick two. One, I would emphasize productive work and preparation for it.

I don't mean to diminish the importance of——

Chairman FORD. Is that private, public or both?

Mr. LEVIN. It is both.

There has been a marriage of resources here.

We had testimony I remember so vividly 1½ or 2 years ago about the intimate connection between public funding and private fundraising and implementation of programs.

When you look at private welfare social service agencies in America, you see how Federal and State funding is an intrinsic part of those efforts. If you snuff out one side you are going to snuff out or undermine the others.

So I would put the emphasis on training for productive work. I don't mean to diminish the other programs. But that is what we need to do it.

Chairman FORD. Should that be mandatory or should we have a voluntary program?

Mr. LEVIN. I would lean toward making the program sufficiently good that you don't need to mandate. That has been the lesson or one potential lesson of Massachusetts and Michigan. The stronger the program, the less you have to just put people willy-nilly into a system, and then end up with mathematical participation rather than other progress.

Chairman FORD. So your program in Michigan is voluntary?

Mr. LEVIN. In terms of what people actually do, as I understand it, yes. It is mandatory they get into the stream but exactly what they do thereafter is——

Chairman FORD. For the actual placement itself in the workforce?

Mr. LEVIN. Right.

Second, I would amend the law so that States could delegate authority as is done in WIN, in other words I would allow States to piece together the implementation of Federal resources into organized entities, make responsibility clearcut in other words.

Chairman FORD. Thank you very much, Mr. Levin.

I thank you for your appearance and your testimony today.

Mr. LEVIN. I appreciate this opportunity. I wish you bon voyage which means, I think it is important that the ship leaves the port. You know, I believe in study and so do you, Mr. Chairman, but it is excrutiating I think to just see successful experiments and fail to set the stage for those experiments to be projected on a larger screen.

You know, we say you learn from failure. We have to learn from our successes, though, and implement them.

Thank you for this opportunity.

Chairman **Ford**. Thank you very much.

Our next witness today is Archbishop O'Meara, who is with the U.S. Catholic Conference. We are delighted to have him with us today.

The Archbishop will discuss the Bishop's pastoral letter and views of the Catholic conference on welfare reform. As chairman of this subcommittee, I want you to know that I am very privileged to chair this committee and have you come before this committee to discuss welfare reform with the Subcommittee on Public Assistance, and to have such a very able and articulate person before the committee.

I know that this testimony will strengthen us as we try to move forward with some type of welfare reform package in the coming year. We are delighted to have you. Once again, I personally would like to welcome you to the committee.

STATEMENT OF THE MOST REVEREND EDWARD T. O'MEARA, ARCHBISHOP OF INDIANAPOLIS, REPRESENTING U.S. CATHOLIC CONFERENCE, ACCOMPANIED BY SHARON DALY

Reverend **O'Meara**. Thank you very much, Congressman Ford, for that most cordial welcome.

I would like to introduce my colleague, Mrs. Sharon Daly of the staff of the U.S. Catholic Conference and to tell you that there is a certain exhiliration about my presence here for this is the first time that in a personal way I have participated in this particular process of our Government.

I am just delighted to be here.

Chairman **Ford**. Well, the Government has been short-changed on that, and hopefully you will be invited in the future, not only to this committee but to others.

Reverend **O'Meara**. Thank you.

I am pleased to be here this morning to represent the views of the U.S. Catholic Conference, the public policy arm of the Roman Catholic Bishops of the United States.

The topic of this morning's hearing, work, education and training opportunities for recipients of Aid to Families With Dependent Children, AFDC, is of deep concern to the bishops. Our views on this subject are shaped by two perspectives. The first is the principle that human dignity is the criterion against which public policy must be measured. The second is that in a society as rich as ours there is no excuse for the extremes of deprivation and poverty that leave millions without even the basic necessities of life. These principles are affirmed in our pastoral and charitable work that put us in close contact with the poor and their problems.

We have consistently called for adequate benefit levels and a comprehensive full employment strategy, the abandonment of welfare program rules that weaken families, and administration of the program in a manner that supports human dignity, equity, and self-determination.

This is still our message, Mr. Chairman. The median benefit for a family of three who receive both AFDC and food stamps and have no other income, is less than three-fourths of the Government's official poverty line. This is despite increases in benefits that have been approved in some States in the past year. In my own State of Indiana, the maximum combined AFDC and food stamp benefit for a family of a mother and two children is only 65 percent of the poverty line. That is $256 a month in cash and $205 in food stamps.

AFDC benefits, which are primarily for children, are not automatically indexed for inflation as are benefits for the elderly, so their value has dropped one-third since 1970. It is clear that welfare benefits are woefully inadequate in this country and do not provide sufficient income for the necessities of life.

As we have stated on other occasions, we believe that the Federal Government should establish a national minimum standard benefit to cover basic human needs.

One of the most important principles in Catholic social teaching is that human work has a special dignity; it is one of the most important ways in which people participate in the community. For most people jobs are crucial to self-realization.

In our teaching, human work has a special meaning because it involves sharing in God's creative act. It is a means of carrying on the activity of creation. And in our Catholic moral tradition, employment is a basic human right. Protecting this right is essential to the promotion of human dignity. Therefore, all of society, including the Government, has the responsibility to ensure that adequate jobs are available.

Welfare recipients need real jobs, jobs that pay wages, provide fringe benefits, and give employees the status and respect of real contributors. So-called workfare jobs have little in common with real jobs and do not give workers the same dignity, compensation, or satisfaction that human beings should and need to receive.

If welfare recipients are qualified for the jobs assigned to workfare programs, let them be hired as regular employees at regular wages and with regular benefits. We think it wrong to take advantage of the poverty of those on welfare and treat them differently from other workers.

We strongly support greater efforts by the Federal Government to aid and supervise the States in the development of greater opportunities for work, education, and training for welfare recipients. Unfortunately, most discussion of this subject in the past several years has been in the context of short-term budget savings, rather than longer range goals of increased self-sufficiency and reduced poverty.

Too often programs for welfare recipients have been designed with only one goal in mind: To make the receipt of welfare benefits so distasteful that fewer will apply and fewer will continue to participate. Many believe that welfare recipients are unwilling to accept jobs, and that work requirements will discourage the lazy.

Programs initiated according to such assumptions have neither helped recipients nor saved money. In previous hearings the subcommittee has heard of programs such as those in Maine and in Massachusetts that appear to offer more hope of success. While several States are experimenting with new approaches, it is important for the Federal Government to support such initiatives with greater funding and flexibility and to provide leadership to the rest of the States that seem mired in limited and punitive programs.

My testimony focuses on principles that we believe should underlie Federal and State initiatives. First, the primary focus should be on helping families escape poverty, not just on short-term budget savings.

Programs should equip participants for jobs that can support their families above the poverty line. Federal standards should be realistic and allow ample time for adequate training and should not pressure individuals into accepting low-paying dead-end jobs with no opportunity for advancement. Education, training, and work opportunities should be designed with the long term in mind. Trying to do too much too soon is likely to be counterproductive.

Since the vast majority of adults on welfare are women, special attention should be given to the problems of occupational segregation. According to a recent report of the National Research Council most women work in a small number of occupations and earnings from those are only about 60 percent of those in which men predominate. This pattern accounts for much of women's poverty. Programs for welfare recipients should not keep women poor by restricting training and work opportunities to jobs that have been traditionally considered "women's work" in the United States.

Two, partcipants should be better off financially than if they did not work or study.

The costs of child care, transportation, uniforms, et cetera, that are necessary for participation in work or training programs should be fully reimbursed, and participants should be permitted to keep most of their earnings without reduction in welfare benefits. Ideally, participants would no longer be identified as welfare recipients and would receive full wages with subsidies to the employer where necessary. In the absence of a universal health insurance coverage, program participants should be permitted to continue to be covered by Medicaid, perhaps with some monthly premium charged according to their income.

Three, programs should be individualized.

Each AFDC parent is an individual and should be treated with dignity and respect for her individuality. In fact, the right to choose among alternative work, education, and training plans appears to be a major factor in the success of some of the new State programs. In addition, the youngest mothers need maximum support for completing their education and learning to care for their babies before they should be expected to begin work programs.

Four, we must ensure that young children are properly cared for.

Last year the Committee on Children, Youth and Families heard some alarming testimony regarding the lack of safe, reliable, and affordable day care. Even middle income parents have great difficulty in locating and paying for child care. Until about 10 years ago there was a consensus in this country that young children needed the constant care of one of their parents. Mothers with young children who went to work were often criticized for neglecting their responsibilities.

Now most mothers of young children are in the work force, and there is no longer general agreement about placing very young children in child care. No one knows what the long-range effects of this will be, but we do know that poor children are even more vulnerable than others. Sixty percent of mothers on AFDC have children under 6 years of age.

We urge the subcommittee to exercise great caution in requiring mothers to leave very young children in the care of others. In some cases both the family and society are better served by the mothers providing full-time care.

Five, the program should have strong safeguards against administrative abuses.

AFDC recipients and their children are among the most vulnerable. By definition, they do not have the resources to withstand even a temporary denial of assistance. Many are just one welfare check away from eviction, or hunger, or abject poverty. Because of the tendency for work programs to be administered in a punitive manner, the subcommittee's bill should be drafted with a presumption against termination of benefits. In other words, the burden of proof should be on the welfare department, not the recipient.

As subcommittee members know from disputes over error-rate sanctions, welfare departments, like any large organizations, make mistakes. The subcommittee has also heard reports of welfare families condemned to months and years in welfare hotels in part because of the inefficiencies and mistakes. Obviously, such administrative deficiencies should be reduced to a minimum. I only ask that you build into the program strong safeguards so that errors can be quickly remedied.

I can tell you that present safeguards are insufficient because many welfare recipients wind up on the steps of churches and Catholic Charities agencies when their checks or food stamps or Medicaid cards do not arrive. Many more people would go hungry or homeless if Legal Services offices and our workers did not know how to find ways through the welfare department mazes. As it is, many families suffer needlessly because it takes so long to remedy departmental errors.

If you add a new set of requirements for recipients and administrators to follow, we ask you to take care about the rights of participants, especially for prompt action on appeals.

The next topic is work incentives. It is a bit ironic for the Federal Government to be looking at ways to improve work opportunities for welfare recipients in 1986 after enacting legislation in 1981 that removed from the welfare rolls nearly all of the recipients who had jobs. It is a tribute to the work ethic of welfare recipients that those who lost their benefits continued to work even though many of them were worse off financially than if they had relied exclusively on public assistance.

On the other hand, for those recipients trying to make the transition to work, the changes have made their efforts more difficult. The restoration of work incentives in the program would be a good beginning for a new jobs program for welfare recipients.

We also recommend that the subcommittee take a look at program rules that discourage work by teenagers of AFDC households. With certain exceptions, young people who find full-time work in the summers are penalized by having their income deducted from their families' welfare benefits. Other young people can earn up to $1,000 in the summer without losing anything to the tax collector. Why then should poor children be denied what everyone else takes for granted? In fact, States should take steps to help such young people to find work opportunities.

We strongly support a new Federal initiative to make welfare recipients more employable, but we urge the Congress to consider such a program in the context of other conditions in the economy. The major problem lies not in the recipients themselves or in their lack of skills but in the fact that our economy is not producing enough jobs to employ all the people who want to work.

Many parents already work full-time at minimum wage jobs, and yet their families fall further and further into poverty each year. We should do all that we can to help welfare recipients be more competitive in the job market, but that is not all that we should do.

Of course, much of what needs to be done falls outside the jurisdiction of this subcommittee. On the other hand, the subcommittee can help by rejecting proposals to reduce the funds available to States for administration and development of work, education, and training programs for welfare recipients. The subcommittee can offer States additional support and flexibility for programs that offer real hope and protection for welfare families.

We need to do more to see that welfare recipients get some of the new jobs the States are attracting. For example, I understand that Tennessee is expecting an influx of new jobs in the automobile industry. How many of those jobs will go to mothers on AFDC? The typical family in AFDC in Tennessee consists of a mother and two children and receives a maximum of $153 in cash and $211 in food stamps for a total income of $364 per month. What AFDC mother would not leap at the chance to get a job at $5 an hour with medical benefits and more than double her family's disposable income?

Mr. Chairman, I also want to take this opportunity to congratulate this subcommittee and its chairman for the wisdom and initiative shown last year in adopting a requirement that all States provide benefits to two-parent families where the principal wage earner is unemployed. That requirement and the other improvements you developed in the AFDC-Unemployed Parent Program, if agreed to by the Senate, would remove a very destructive and anti-family bias in the 26 States that still do not provide AFDC benefits to intact families. One of them is my own.

The USCC has called on the Senate to agree to the provision as drafted by this subcommittee. We urge you to continue to work for your provision as part of some other legislation should the reconciliation bill fail to win agreement in the Senate.

To summarize, we are in favor of programs that give people education, training and jobs, real jobs, but we are opposed to so-called "workfare jobs" that are not jobs at all in the usual sense of the word, but are more like sentences for the crime of poverty.

We ask you to work toward programs that:

One, focus on helping families escape poverty rather than on short-term budget savings.

Two, increase income of participants.

Three, provide individualized plans for each participant.

Four, ensure that young children are properly cared for.

And five, protect participants against administrative errors and abuses.

As religious leaders, we feel that we must speak out on behalf of millions of parents and children who are condemned to poverty unless the States and Federal Government work together to create more opportunities for full participation in the work and benefits of our society.

On behalf of the United States Catholic Conference and its directors, my brother bishops and myself, we thank you, Mr. Chairman, Congressman Ford, for this opportunity to testify.

[The prepared statement follows:]

STATEMENT OF MOST REVEREND EDWARD T. O'MEARA, ARCHBISHOP OF INDIANAPOLIS, ON BEHALF OF THE UNITED STATES CATHOLIC CONFERENCE

Good morning, Mr. Chairman. I am pleased to be here this morning to represent the views of the United States Catholic Conference, the public policy arm of the Roman Catholic Bishops of the United States.

The topic of this morning's hearing, work, education and training opportunities for recipients of Aid to Families with Dependent Children (AFDC), is of deep concern to the bishops. Our views on this subject are shaped by two perspectives. The first is the principle that human dignity is the criterion against which public policy must be measured. The second is that in a society as rich as ours there is no excuse for the extremes of deprivation and poverty that leave millions without even the basic necessities of life. These principles are affirmed in our pastoral and charitable work that put us in close contact with the poor and their problems.

Since the 1930s when the AFDC program was enacted by the Congress, the Catholic bishops have been involved in this issue. We have consistently called for adequate benefit levels and a comprehensive full employment strategy, abandonment of welfare program rules that weaken families, and administration of the program in a manner that supports dignity, equity and self-determination.

That is still our message Mr. Chairman, and before discussing in detail the specific topic of this morning's hearing, it is necessary to point out that, the median benefit for a family of three who receive both AFDC and food stamps and have no other income, is less than three-fourths of the government's official poverty line. This is despite increases in benefits that have been approved in some states in the past year. In my own state of Indiana the maximum combined AFDC and food stamp benefit for a family of a mother and two children is only 65% of the poverty line. That's $256 a month in cash and $205 in food stamps. AFDC benefits, which are primarily for children, are not automatically indexed for inflation as are benefits for the elderly, so their value has dropped by one-third since 1970. It is clear that welfare benefits are woefully inadequate in this country and do not provide sufficient income for the necessities of life. As we have stated on other occasions, we believe that the federal government should establish a national minimum standard benefit to cover those basic human needs.

Work And Workfare

One of the most important principles in Catholic social teaching is that human work has a special dignity; it is one of the most important ways in which people participate in the economic and social life of the community. For most people, jobs are crucial to self-realization. Moreover, in Catholic teaching, human work has a special meaning because it involves sharing in God's creative act. It is a means of carrying on the activity of creation.

In our moral tradition, employment is a basic human right. Protecting this right is essential to the promotion of human dignity. Therefore, all of society, including the government, has the responsibility to do all that's necessary to ensure that adequate jobs are available. Welfare recipients need real jobs, however, jobs that pay wages, provide fringe benefits, and give employees the status and respect of real contributors. So-called "workfare" jobs have little in common with real jobs and do not give workers the same dignity, compensation or satisfaction that human beings should receive. If welfare recipients are qualified for the jobs assigned to workfare programs, let them be hired as regular employees at regular wages and with regular benefits. It is wrong to take advantage of the poverty of those on welfare to treat them differently from other workers.

We strongly support greater efforts by the federal government to aid and supervise the states in the development of greater opportunities for work, education and training for welfare recipients. Unfortunately, most of the discussion of this subject in the past several years has been in the context of short-term budget savings, rather than longer range goals of increased self-sufficiency, reduced poverty and greater participation in social and economic life. We welcome the Subcommittee's interest in improving prospects for welfare recipients.

Too often programs for welfare recipients have been designed with only one goal in mind: to make the receipt of welfare benefits so distasteful that fewer will apply and fewer will continue to participate. Many believe that welfare recipients are unwilling to accept jobs, and that work requirements will discourage the lazy. Programs initiated according to such assumptions have neither helped recipients nor saved money. In previous hearings the Subcommittee has heard of newer programs such as those in Maine and in Massachusetts that appear to offer more hope of success. While several states are experimenting with new approaches, it is important for the federal government to support such initiatives with greater funding and flexibility and to provide leadership to the rest of the states that seem mired in limited and punitive programs.

A federal initiative should be based on sound principles to offer the maximum chance of success and the minimal chance for adverse effects on poor families and their children. My testimony today will focus on principles that we believe should underly federal and state initiatives.

1. The primary focus should be on helping families escape poverty, not just on short-term budget savings.

Programs should equip participants for jobs that can support their families above the poverty line. Federal standards should be realistic and allow ample time for adequate training and should not pressure individuals into accepting low paying dead end jobs with no opportunity for advancement. Education, training and work opportunities should be designed with the long term in mind. Trying to do too much too soon is likely to be counterproductive.

Since the vast majority of adults on welfare are women, special attention should be given to the problems of occupational segregation. According to a recent report of the National Research Council most women work in a small number of occupations and earnings from those are only about 60% of those in which men predominate. This pattern accounts for much of women's poverty. Programs for welfare recipients should not keep women poor by restricting training and work opportunities to jobs that have been traditionally considered "women's work" in the United States. Such jobs not only offer lower wages but also fewer benefits, less on the job training and fewer opportunities for mobility.

2. Participants should be better off financially than if they did not work or study.

The costs of child care, transportation, uniforms, etc. that are necessary for participation in work or training programs should be fully reimbursed, and participants should be permitted to keep most of their earnings while in the program and for some period of adjustment without reduction in welfare benefits. Ideally, participants would no longer be identified as welfare recipients and would receive full wages with subsidies to the employer where necessary. In the absence of universal health insurance coverage, program participants should be permitted to continue to be covered by Medicaid, perhaps with some monthly premium charged according to income, if they are not eligible for employer-provided group coverage.

3. Programs should be individualized.

Each AFDC parent is an individual and should be treated with dignity and respect for her individuality. Plans for each participant should be geared to her special talents and circumstances with maximum opportunity for individual choices. In fact, the right to choose among alternative work, education and training plans appears to be a major factor in the success of some of the new state programs. In addition, the youngest mothers need maximum support for completing their education and learning to care for their babies before they should be expected to begin work programs.

4. Ensure that young children are properly cared for.

Last year the Committee on Children, Youth and Families heard some alarming testimony regarding the lack of safe, reliable and affordable day care. Even middle income parents have great difficulty in locating and paying for child care. Until about ten years ago there was a consensus in this country that young children needed the constant care of one of their parents until they were ready for elementary school. Mothers with young children who went to work were often criticized for neglecting their responsibilities.

Now most mothers of young children are in the work force, and there is no longer general agreement on the advisability of placing very young children in child care. No one knows what the long-range effects will be, but we do know that poor children are even more vulnerable than others to a variety of education, health, and other problems. Sixty percent of mothers on AFDC have children under six years of age.

We urge the Subcommittee to exercise great caution in requiring or permitting the states to require mothers to leave very young children in the care of others. In some cases both the family and society are better served by the mother providing full-time care.

5. The Program should have strong safeguards against administrative abuses.

AFDC recipients and their children are among the most vulnerable. By definition, they do not have the resources to withstand even a temporary denial of assistance. Many are just one welfare check away from eviction, hunger, and abject poverty. Because of the tendency for work programs to be administered in a punitive manner, the Subcommittee's bill should be drafted with a presumption against termination of benefits. In other words, the burden of proof should be on the welfare department, not the recipient.

As Subcommittee members know from disputes over error rate sanctions, welfare departments, like any large organizations, make a lot of mistakes. This Subcommittee has also heard reports of welfare families condemned to months and years in welfare hotels in part because of the inefficiencies and mistakes of welfare departments. Obviously, such administrative defficiencies should be reduced to a minimum. I only ask that you build into the program strong safeguards so that unavoidable errors can be quickly remedied.

I can tell you that present safeguards are insufficient because many welfare recipients wind up on the steps of the churches and Catholic Charities agencies when their checks or food stamps or Medicaid cards do not arrive. Many more people would go hungry or homeless if the Legal Services offices and our workers did not know how to find ways through welfare department mazes. As it is, many families suffer needlessly because it takes so long to remedy departmental errors. If you add a new set of requirements for recipients and administrators to follow, please take great care about the rights of participants, especially for prompt action on appeals.

Work Incentives

It is a bit ironic for the federal government to be looking at ways to improve work opportunities for welfare recipients in 1986 after enacting legislation in 1981 that removed from the welfare rolls nearly all of the recipients who had jobs. It is a tribute to the work ethic of welfare recipients that those who lost their benefits continued to work even though many were worse off financially than if they had relied exclusively on public assistance. On the other hand, for those recipients trying to make the transition to work, the changes have made their efforts more difficult. The restoration of work incentives in the program would be a good beginning for a new jobs program for welfare recipients.

We also recommend that the Subcommittee take a look at program rules that discourage work by teenagers in AFDC households. With certain exceptions, young people who find full-time work in the summers are penalized by having their income deducted from their families' welfare benefits. Other young people can earn up to $1,000 in the summer without losing anything to the tax collector. Why should poor children be denied what everyone else takes for granted? In fact, states should take steps to help such young people to find work opportunities.

Other Measures Needed

We strongly support a new federal initiative to make welfare recipients more employable, but we urge the Congress to consider such a program in the context of other conditions in the economy. The major problem lies not in the recipients themselves or in their lack of skills but in the fact that our economy is not producing enough jobs to employ all our people who want to work. Many parents already work full-time at minimum wage jobs, and yet their families fall further and further into poverty each year. We should do all we can to help welfare recipients be more competitive in the job market, but that is not all we should do.

Of course, much of what needs to be done falls outside the jurisdiction of this Subcommittee. On the other hand, the Subcommittee can help by rejecting proposals to reduce the funds available to the states for administration and development of work, education and training programs for welfare recipients. The Subcommittee can offer states additional support and flexibility for programs that offer real hope and protection for welfare families.

We need to do more to see that welfare recipients get some of the new jobs the states are attracting. For example, I understand that Tennessee is expecting an influx of new jobs in the automobile industry. How many of those jobs will go to mothers on AFDC? I say mothers, Mr. Chairman, because Tennessee, like my state of Indiana, does not permit families with two parents to receive welfare, so all but a miniscule number of AFDC parents in Tennessee are mothers. The typical family on AFDC in Tennessee consists of a mother and two children and receives a maximum of $153 in cash and $211 in food stamps for a total income of $364 per month. What AFDC mother would not leap at the chance to get a job at $5 an hour with medical benefits and more than double her family's disposable income?

Welfare for Intact Families

Mr. Chairman, I want to take this opportunity to congratulate this Subcommittee and its Chairman for the wisdom and initiative shown last year in adopting a requirement that all states provide benefits to two-parent families where the principal wage earner is unemployed. That requirement and the other improvements you developed in the AFDC-Unemployed Parent Program, if agreed to by the Senate, would remove a very destructive and anti-family bias in the twenty-six states that still do not provide AFDC benefits to intact families. The USCC has called on the Senate to agree to the provision as drafted by this Subcommittee. We urge you to continue to work for your provision as part of some other legislation should the Reconciliation bill fail to win agreement in the Senate.

Summary

In summary, Mr. Chairman, we are in favor of programs that give people education, training and jobs, real jobs, but we are opposed to so-called "workfare jobs" that are not jobs at all in the usual sense of the word but are more like sentences for the crime of poverty.

We ask you to work toward programs that:

1. focus on helping families escape poverty rather than on short-term budget savings;
2. increase income of participants;
3. provide individualized plans for each participant;
4. ensure that young children are properly cared for; and
5. protect participants against administrative errors and abuses.

As religious leaders, we feel that we must speak out on behalf of millions of parents and children who are condemned to poverty unless the states and federal government work together to create more opportunities for full participation in the work and benefits of our society.

Thank you, Mr. Chairman, for this opportunity to present our views.

Chairman FORD. Thank you very much, Archbishop. It goes without saying that your testimony today has been enlightening to the chairman of the committee.

We very much appreciate your efforts in behalf of U.S. Catholic Conference to offer this testimony before the subcommittee today. In your last paragraphs you talked about the UP Program. Maybe you can send a prayer up today and give the Senate Members some wisdom to see themselves through and reporting back to the House to keep that provision within reconciliation.

We don't know as of yet as to what will happen. It is a hope that they will accept the offer of the House submitted to them yesterday. If that is the case, reconciliation just might have that provision, the two-parent family included.

It is the intent of this committee in this House and in the leadership session as of yesterday it was true, that we would fully support that provision in reconciliation although many of us strongly believe that reconciliation is needed because of budget reasons, but there are those of us who feel that we worked very close with the Ways and Means Committee to meet the budget reduction goals and we met the goals, this was a part of the bill and we think it is the beginning of a welfare reform package.

We certainly appreciate the support that you have given us and also the influence that you have sent to the Senate to let them know that that is a provision in reconciliation that we need.

Reverend O'MEARA. Thank you.

Chairman FORD. One goal of welfare reform often voiced by the Reagan administration is self-sufficiency. We have heard the President talk about pro-family and breaking the cycle for those who are trapped into the cycle of welfare, and he is talking about an independency of welfare.

I think we can all agree on that.

Reverend O'MEARA. Sure.

Chairman FORD. We listened closely to your testimony today. Since most AFDC recipients are children, should the debate focus on the quality of life for them, for those who we don't expect to work? We have talked a lot about the two-parent family which in many cases will mean the father coming back into the household and strengthening the family unit itself.

When the President talked about pro-family, we know that we, in order to talk about that you have got to have the intact family in which the father is in the household. But two-thirds of these recipients are children that we are talking about, and as we move to reform the welfare program itself, many of those who testify and many of those that we hear throughout the Nation talk about how we know we must have a strong component for work, training and work opportunities included as a strong component, but the quality of life for children, should we not focus in that direction and not let the children take the blame for what is said that welfare is to blame for this problem, or welfare is a dead end or welfare has created many of these problems through women who don't want to work, and those who feel that if welfare continues you will just breed one generation to the next of welfare dependency.

Reverend O'MEARA. Congressman Ford, I want you to know that it is our strongest conviction that improving the quality of life should be the primary focus of the welfare efforts, improving the quality of life of the recipients, so I couldn't be more in agreement with what you have just enunciated.

In my own pastoral visits to the parishes in my archdiocese where the majority of people are poor and welfare recipients themselves, I have also become convinced that most welfare recipients really do want to work. They really want to escape the cycle of poverty but for one, they don't know how to do it, second, their skills are minimal and therefore maybe what skills they have are not very marketable and there are not adequate job opportunities for them.

But I would like to add that also to my response to your own remarks there that I think that the welfare recipient in a way in which a welfare recipient can articulate this, has a sense of dignity. I was in one of my poorest parishes not very long ago where an obviously limited woman came up and zipped out a zipper in her blue jeans and on the side she had a pocket there and she pulled out a $20 bill and she showed it to the young pastor there, and was so proud she had worked two days and gotten that $20 and it was the first money she had earned in a long time.

She was in a line where—we have a food program, too—where she was picking up food left over, bread and second hand things from various markets, subsistence type things. But I was really touched by her pride in having earned that money, and being able to use it for her needs.

Chairman **Ford**. You know, the pastoral letter by the Catholic bishops, there has been a lot of talk about it.

Reverend O'**Meara**. On the committee?

Chairman **Ford**. Yes.

Reverend O'**Meara**. Yes.

Chairman **Ford**. There has been a lot of talk about welfare reform. I am wondering whether or not the American public is ready to accept welfare reform in a fashion that we must understand that it is going to cost more in the short run in order to bring about a welfare reform package that will address the human needs of those who are recipients of the welfare program itself?

Reverend O'**Meara**. Part of the reason why we feel an urgency to issue that—incidentally we have not issued our pastoral yet, we are still groping as to what we will say in it.

But part of the reason——

Chairman **Ford**. There has been discussion, that is what I meant.

Reverend O'**Meara**. Yes, there has been discussion and we hope to finalize it in our November meeting. But part of the reason why we are doing it is because we think that there is need for teaching. It is a teaching instrument of our church that we are working with. We believe that there is such a terrible need for teaching our people that welfare reform is necessary along the lines in this one area that I have offered in the testimony.

We just, again, it is nice to be able to be in such agreement with you.

Chairman **Ford**. I think this is the beginning of a welfare reform package. Under the Carter administration there was a welfare reform program fashioned to the American public but was of a kind that was never able to put a welfare reform bill together. I am not sure we will be able to put one together, but I think the President has somewhat set the tone.

We have known for a long time that welfare reform has been needed, not only with the discussion of the pastoral letter but we have seen studies and reports both from the private and the public sectors that all show trends that we have today right at 14 million children in this Nation who are living below the poverty thresholds, we know that there are more than 35 million Americans living below poverty, also the physicians task force that was headed up by Dr. Larry Brown at Harvard also was able to point to the fact that people in this Nation are in fact going hungry 2 to 3 days out of the month.

Those on limited income or public assistance, their disposable income is just that they cannot make ends meet for a 30-day period.

That leads to the next question. What about the homeless? What about the soup lines. There have been some of us in Congress who have said that soup lines have grown somewhat but in many cases that you find the mentally retarded, in other cases you find soup lines although they might have increased, but it is no real significant number of hungry people out there.

Being a spokesperson for the U.S. Catholic Conference, can you respond to that? What do you see as regards soup kitchens, as to the Catholic church and the homeless in this country?

Reverend O'Meara. There are hungry people out there.

Chairman Ford. Have you seen a drastic increase in numbers of them in the last few years; if so, can you give me an idea of what type of increase we are seeing?

Reverend O'Meara. I think that there has been—I don't know whether I would say it is a drastic or dramatic increase in people here, but I see people that before were lower middle-class, in my area anyway with irregular employment, ending of their unemployment compensation benefits, they have toppled into this poverty class where they are just barely holding their heads above water, or not quite—they are not in abject total poverty. But they are the ones that now are joining the soup kitchens, soup lines. They are the ones coming for the food to the parishes and so I am inclined to think that there are more.

In our high-technological society I just think we are going to have more and more of this because the gap between the ones who can make it in this world in which we live and those who cannot, seemingly is growing wider. Every school dropout adds to that gap. Every unplanned child coming into the world to a single parent adds to that gap.

I just think the need for the addressing of the issue is terribly urgent.

It is long overdue, Mr. Chairman. It is not fun to be poor. It is not fun to be poor.

Chairman Ford. In trying to address this social issue that we are faced with, what role should the Federal Government play? We are talking about welfare reform, and there are State and local government programs, there is the private sector, there is the religious communities. What role——

Reverend O'Meara. I hope I can give you——

Chairman **Ford**. How strong a role should the Federal Government play?

Reverend O'**Meara**. I hope I can give you an answer there, Mr. Chairman. I would first say that the Federal Government has some absolutely indispensible role to play because with the dimensions of this problem, with the mobilities of our people moving from State to State, it is really only the Federal Government that has the resources to address it with any adequacy at all.

I think that to expand that answer, I would just want to project some of the principles that I have offered in this testimony out into the addressing of every dimension of welfare, that our goal of it is to better the quality of life, it is to respect the dignity of the human person, it is to help people into the job market, it is to meet the needs of those who cannot care for themelves—you spoke of the mentally handicapped. Those are the—the experience I just had 2 weeks ago is why it is very vivid to me, I spent a day in one of our very poorest parishes, I looked at the folks and I judged a good number of those were of limited capacity that might qualify as mentally handicapped.

Unless somebody helps them they are really—they are really in a terrible state. It is a very general question.

Chairman **Ford**. The homeless, the handicapped, the children of this Nation who are living below poverty, the elderly, we are talking about——

Reverend O'**Meara**. The sick.

Chairman **Ford**. We are talking about groups of citizens with no representation at all here in the Halls of Congress without the able assistance from the U.S. Catholic Conference, without other organizations and groups and institutions throughout this Nation, without those voices coming forward and speaking out in strong terms, other than that they have no representation.

They cannot quite afford the $500 pinstripe, three-piece suits on this Hill to lobby. They don't have the political action committees that finance many congressional campaigns in this Congress.

I just wonder, you know, where and how can those voices be mobilized in a way that will catch and captivate the attention of this Congress, as well as this White House?

I am concerned as chairman of this subcommittee. I am concerned because I have chaired this committee for some 5 years now. We have had some very meaningful pieces of legislation to be reported from this committee, and pleasantly at times I was surprised to see the House adopting certain provisions, whether it is child support enforcement or disregards for child support payments, and even the unemployed parent matter before the conferees now.

I have been somewhat pleasantly surprised, but I think it is an issue that we will have to address. I think the 5 years after this administration has been in office is that for the first time, in the fifth State of the Union Message, the President has called for profamily and welfare reform, even though it is very difficult for me to think that Attorney General Ed Meese can respond to the Domestic Policy Council in a fashion to report back to the President that will give us anything that will be of any significance that we ought to be working on.

I am just looking at his past. Hopefully I am wrong. Hopefully he will submit something to the President that we will all be proud of. Looking at his past record as relates to civil rights, human rights, human needs of the people, we have not seen that nor have we witnessed that.

I guess I made that statement to say this: That we need help in this Nation to not only to be provided with your input, but we need help from the Catholic church. We know that there has been discussion about the pastoral letter, but we feel that there is a severe problem out there and many of these voiceless people are citizens of this Nation, all of them are, but at the same time they have no voices to speak out from a national perspective.

We talk about tax reform. We get plenty of support. We can talk about our problems in Central America. We can captivate the Congress of the United States regardless of which side one might be on, but we can find many issues that might be global or domestic problems, but it is very difficult, and it has been very difficult in the past 5 years, to get the attention of this Congress at a time that we have seen and witnessed for the first time some 22 percent of our children in this Nation living below the poverty thresholds.

That within itself should be addressed. Whether it is through welfare reform or some other legislation in this Congress, I thank you and I appreciate the Catholic church for their input to that, but I certainly would hope you carry back to the college of bishops and let them know there are many of us in the Congress who are awaiting their leadership and we would certainly hope that not only this discussion take place within the church with its own parishioners, but we would hope it go beyond the Catholic church.

We think it is timely and I would urge you, as chairman of this subcommittee, to move even faster than you have been moving in the past.

Reverend O'Meara. Thank you. I have heard what you have said, Mr. Chairman, and I will go back to my own ministry with renewed enthusiasm for this phase of it.

We are trying to move a mountain, or we are trying to push an immense weight uphill and I say that even with some members of my own constituency. We have a tremendous educational challenge, an attitudinal change that is necessary, and lots of our own people don't understand what our Holy Father meant by the fundamental option for the poor—it is because they are voiceless, they have absolutely no one to speak for them, so that we have got to have a primary concern about them and we have to be their voice.

I assure you that I will take this message back to the members of the U.S. Catholic Conference and get it across as best I can.

Chairman Ford. Archbishop, thank you very much.

Reverend O'Meara. Mr. Chairman, it is a delightful experience to have been here.

Chairman Ford. Thank you very much for your testimony.

Reverend O'Meara. And I thank you for your gracious reception of my words.

Chairman Ford. Thank you very much.

That will conclude the witness list for the subcommittee this morning. I would like to say it is not a policy of the subcommittee, but I would like to recognize Mr. Bill Myers, with Family Link, a child welfare organization in my hometown of Memphis, TN. Delighted to have you in the audience today.

I thank all of you for coming. That will conclude our business. The subcommittee is adjourned.

[Whereupon, at 12:35 p.m., the hearing was adjourned, subject to the call of the Chair.]

WORK, EDUCATION, AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

TUESDAY, APRIL 22, 1986

House of Representatives,
Committee on Ways and Means,
Subcommittee on Public Assistance
and Unemployment Compensation,
Washington, DC.

The subcommittee met, pursuant to call, at 2 p.m., in room B-318, Rayburn House Office Building, Hon. Harold Ford (chairman of the subcommittee) presiding.

Chairman **Ford**. The Subcommittee on Public Assistance and Unemployment Compensation will come to order.

This afternoon we continue our series of hearings on work, education, and training opportunities for welfare recipients. Today we will hear from a variety of public witnesses including elected officals and administrators of welfare programs as well as recipient organizations. I am especially looking forward to hearing from the client groups since this is a viewpoint that has not been presented at any of our earlier hearings.

I would also at this time like to announce that all of the witnesses requesting to be heard will appear today, making it unnecessary to continue these hearings tomorrow, as scheduled.

There were six witnesses who responded for tomorrow, and one or two of the six had to decline for tomorrow, so we decided rather than a 2-day session that we would try to conclude the business this afternoon.

The committee would also like to announce that we have made a request of the full committee to travel next month with the subcommittee into the area of Memphis, TN, which is pretty close to my congressional district, Carroll, and we would invite some seven Governors. I spoke with Governor Riley just last week in my office here, and we talked about a new program for indigent care that they have implemented in your State, and we would like to hear from him as well as about the work program that has been implemented in the State of Arkansas with Governor Clinton, along with my own Governor, Gov. Lamar Alexander, in the State of Tennessee.

The staff is in the process now of planning for the first field trip, and hopefully the committee will be able to go on May 12, if things work out, if we can organize the witnesses to appear before the subcommittee, and I would strongly invite and hope as many members as possible of the subcommittee will be able to travel with us.

As you know, this is about the fourth or fifth subcommittee hearing on work opportunities and training, as we look at some new ways to reform the welfare system. It is the intent of the Chair also to take a look at the Massachusetts plan, which is the E.T. plan, along with other plans, and hopefully to do so in the very near future. The staff has sent off letters asking for input and recommendations from all 50 States on their work, education, and training services, and hopefully they will be providing us with information and recommendations that will be useful.

The committee will continue hearing from witnesses throughout the summer, and hopefully by fall this committee will start looking at certain key recommendations or legislation that might be forthcoming.

At this time I would be happy to yield to the ranking minority member of the committee, Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. I want to thank you for continuing this indepth series on the vital subject of work, education, and training opportunities for welfare recipients. I certainly share your conviction that this is a key element in any welfare reform package that this committee or any other committee should consider.

It is a challenge, though, to develop a workable reform package, because the problems are so complex that they defy easy solutions. The Federal Government's ability to intervene in the cycle of welfare dependency which traps some recipients is limited. I think we need to recognize that.

I agree with the statement that you made at a March 13 hearing, Mr. Chairman, and that is that we need the active support of the States, the localities and the private organizations who work with welfare families. For that reason I am very pleased today to have with us as one of our witnesses a representative from each of these components including the State of South Carolina. Commissioner James Solomon, who is our commissioner of the department of social services, has developed a bill which is in the South Carolina General Assembly at this time. That bill creates a work support service system which he will describe for us today.

I look forward to all the witnesses who have asked to testify today, and appreciate their willingness to share their expertise.

As I said in my statement, it is a difficult thing to work out. There are some things that I think we must recognize though, that we cannot continue with a system that causes, in many instances, fourth generation welfare. We cannot continue a system that does in fact lead people to a life of dependence. The effort of this committee and I think the effort of our department of social services and others is to find a means to break the cycle, a means that includes, obviously, the components that will deal with education, basic skills, advanced skills, job search, and yes, even work requirements, if the others don't work. All of these have to be looked at and considered.

I believe that we recognize well the problems. This committee has had testimony before on teenage pregnancy and how that contributes to the welfare cycle. We recognize—and this committee did, as you and I both know, as the sponsors with Ms. Kennelly—recognize that the lack of court-ordered support payments by parents to their children often causes families to go into welfare, and we have addressed that in national legislation.

I believe that we have a unique opportunity, Mr. Chairman, in working with the States to establish the types of programs that will, in effect, help us to break this cycle. I am proud to say that I was one of the original cosponsors of legislation that has just been introduced in the House by Mr. Waxman, and on the Senate side by three Senators including Thurmond and Kennedy, that deals with a Medicaid change which we do not have jurisdiction over, but which in fact does allow a pregnant mother, if she reaches the AFDC borderline, not to be cut off of Medicaid but to maintain her Medicaid at the time of her pregnancy. The baby would be eligible for 1 year thereafter, because we recognize that in many instances the health problems at the early stages are key contributors to the downfall of what might be a fragile family unit.

Mr. Chairman, I look forward to participating with you again in trying to address these problems and I look forward to hearing the witnesses.

Again, I want to welcome my friend Jim Solomon.

Chairman FORD. Thank you very much, Mr. Campbell.

I am very delighted to continue to have the strong support from the minority side of the subcommittee.

It has been the intent of the chairman of this committee and other members of this committee to move legislation that would in fact respond to some of those human needs of the poor of this Nation, and especially those who are recipients of AFDC. I would like to just elaborate for a minute, and say that the teenage pregnancy legislation that was reported from this committee and passed by the House of Representatives did not survive in the reconciliation legislation which was reported back some 30 to 45 days ago.

We also had another component in that bill, the AFDC-Unemployed Parent Program—which would say in 26 States that the father could move back into the house or the family unit, and the family would still be eligible for public assistance.

That was dropped at the 11th hour of reconciliation, and we know that in the State of the Union Message here in February that the President has called for a profamily approach to strengthen the welfare system and the welfare program.

It is the intent of this committee to report legislation either in this session of the Congress or next session of the Congress with a comprehensive welfare reform package. There have been many of those who have said that welfare is to blame for many of the problems. I am not willing to support that theory at all.

I am willing to support a theory that will correct many of the problems and move forward with a progressive program that would be about the business of removing people from the welfare rolls when we can create those jobs, whether they are in the private or public sectors, that we can say to those who are recipients that we will offer the type of work, training, and education opportunities that will be needed in order to move them into the workforce.

I am very happy to know that strong support is coming from the minority side, and I certainly look forward in working with you this year to see that we can report some legislation that we could get the attention of the administration, and especially the attention of Ed Meese, who is the head of the Domestic Policy Council for the President. Mr. Meese has not responded to this committee. We have tried in every respect to say to Mr. Meese that we want to hear from you and other members of the Domestic Policy Council, and we would like to know where you are, at this particular point in time, and what recommendations you have under study.

I would hope, Mr. Campbell, that you would join with me in writing another letter to Mr. Meese, in trying to get him to appear before this committee and let us talk with him to see what the plans are with the Domestic Policy Council, so we would have some input to know that we will be headed in the same direction, or communicate with Mr. Meese and the Domestic Policy Council to at least know in which direction they are headed.

Mr. CAMPBELL. I would be happy to join with you in such a letter, Mr. Chairman. If you will allow me one small aside, perhaps we could hold some hearings in South Carolina. I know somebody else is interested in the governorship that might not care to travel to Tennessee.

Chairman FORD. We would be delighted to have you there. You are on the panel, and your Governor is coming up.

At this time we would call the first panel. We are delighted to have Mr. Herb Rosenzweig, the deputy administrator of income maintenance, Human Resources Administration in the city of New York. The next witness on the same panel, Mr. Campbell has already given an introduction to, Mr. James Solomon, Jr., who is commissioner of South Carolina's Department of Social Services. We are delighted to have the two witnesses on this panel. We welcome you before the committee, and we certainly welcome your input and your testimony today before the committee.

STATEMENT OF HERB ROSENZWEIG, EXECUTIVE DEPUTY ADMINISTRATOR, HUMAN RESOURCES ADMINISTRATION, CITY OF NEW YORK

Mr. ROSENZWEIG. I am Herb Rosenzweig, deputy administrator for income assistance, New York City Human Resources Administration. I am responsible for the administration of public assistance, Medicaid, child support, and employment programs for public assistance recipients. I have submitted written testimony, and I would just like to summarize.

Chairman FORD. The full text will be made a part of the record, and you may summarize.

Mr. ROSENZWEIG. We in New York believe that all employable AFDC recipients whose children are of school age should be involved in some sort of work training or education program for as long as they are receiving public assistance. We have recently initiated a program, which we call the Employment Opportunities Program, to bring this policy to fruition.

The situation that gave rise to the need for the new program was the way in which the WIN Program had been operating. Under the WIN Program, the recipients, all AFDC applicants and recipients with school-age children had to register for the program and received some sort of assistance from the State department of labor in New York, in looking for jobs and training slots, but the reality was that a very small percentage of the people were indeed helped.

The Department of Labor tended to work with those people who were most ready for participation in the job market, and the others were put into what was called the unassigned recipient pool. The vast majority, at least 80 percent of the AFDC recipients, were put into the unassigned recipient pool, and never had to engage in any kind of work program, were never required to do anything to help move them toward self-sufficiency.

Demographic analyses of this group indicated that at least 75 percent of them were in the midst of an extended period of welfare dependency lasting 3 to 5 years or more. Our program is aimed primarily at trying to provide some encouragement, support, and services for this group while maintaining our commitment to work with those who are more job ready.

We have the largest AFDC caseload of any locality in the country, 250,000 cases, about 750,000 people. The sheer size of this program is sometimes difficult for other administrators to comprehend. It is a massive undertaking dealing with a program of this type, but we are committed to try to reach all of the people and we have set up our plans to do so.

Let me describe for you how our program works. Applicants and recipients whose children just turned 6 are required to register in the WIN Program, and they are called into the office of the State department of labor. We have a joint office with the HRA and State department of labor people. The State department of labor counselor discusses the recipient's past work history, education, interests, and skills, and develops an employment plan with them.

If the department of labor counselor feels that the person is available, is ready to compete in the job market with a minimal amount of help, such as job clubs or a minimum amount of counseling plus job development opportunity, they will try to register the person for those services. If the person can find child support, they start to work immediately with the department of labor counselor.

One of the big problems we had in the WIN Program was that people could get out of the program if they wanted to by simply claiming they had no way to find child support. We think that that was a loophole that was being abused, that we felt had to be closed.

What we do now is we say to the person: If you can't find child support, we will give you a period of 3 weeks in which to try to locate child support, by a relative, a friend, a neighbor, or referral to the local programs, the formal day care programs in the city. But if you can't find someone to take care of your child in that period of time, we will assign you to the work experience program, where you will be working for a city agency or government agency from 9:30 in the morning until 1:30 in the afternoon each day.

This will give the person a chance to take their child to school and pick the child up from school while participating in a program that will provide them with some training, world of work experience, and provide useful work for the city, too.

We have about 3,000 recipients in that program now. If the person is not ready for the job market, they do not have the skills, they do not have the education to compete in the job market, with the help that the department of labor can give them, they are referred to an HRA counselor who discusses their employability plan with them, and discusses the various options that are available.

We have various types of training programs that are available in the city, and we refer people to the board of education that runs basic education programs, adult education programs, and English as second language programs. The idea is to try to connect the person with some sort of a program that will move them forward.

If the person does not enroll in a program, or can't find a program, or chooses not to enroll in a program, then they are assigned to the work-experience program, but the idea is that everybody is required to do something. If they have a program that is working for them in terms of basic education, English as a second language, training, and we have all sorts of training programs available in the city, almost every single type that has been tried anywhere, we have some sort of program available for it. We try to encourage the people to go into this. We try to provide encouragement and support, but the bottom line is the people must help themselves.

We have people here we are dealing with who have literally been on welfare 7, 8, 10 years, and have never had any connection with the employment market during this period. It is a difficult readjustment. It is a difficult attempt to try to get them back into the market, but the philosophy behind this is that if they are going to be on public assistance for 5 more years, they will be better off at the end of those 5 years having involved themselves in some sort of program, education, training, or work-experience program.

That is the basic outline of what we are doing. We find the work experience portion of that a very valuable tool. I know it is not a very controversial issue, but we feel that the work experience, the population we are dealing with, by and large, is a population different than the ones—you mentioned the Boston experience. I was up to Boston. I know Commissioner Atkins very well. We worked together here in Washington and in New York, and I admire what he has done. He has, though, a different population than we do.

I think 75 percent of recipients in Massachusetts have high school degrees, and the vast majority are caucasian. In New York City, we have a different ball game. I think about 45 percent have high school degrees, and many of those don't have the reading proficiency and mathematics proficiency to go along with the degree, and in addition, we have something like 90-percent minority recipients.

Our program has to be geared to the situation we are dealing with, and the reality of that situation is we need a tremendous amount of remedial work, a tremendous amount of support for the people. We need training programs to lift people up.

We have one we are very proud of that we are running with a city university, where in a 6-week period we have been able to raise the reading scores and mathematics grades by two grade levels. People go into this program with intensive work to improve their reading and mathematics skills, and then they are provided with on-the-job training to move them in. We have only had a few hundred people go through the program so far, but that is the kind of thing that we feel we need most in New York City.

You had mentioned earlier the problems of teenage pregnancy. We have a program for teenage mothers on public assistance to provide them with incentives for staying in school, and support services and training. Similarly, we have a program for young fathers who need the special support and help, people ages 16 to 25, to get them into the workforce.

In terms of the Federal issue, we are very much concerned about the elimination of the WIN funding, which would cost the city about $5 million. We think that the Federal Government does have a responsibility to help this effort, to move people off the public assistance roles, and should back that with the funding.

Similarly, we are concerned about the participation standards. I guess it would depend on how the participation standards are defined, but we are concerned that tying participation rates to incentives would be similar to the error rate mechanisms of fiscal sanctions, which we believe are arbitrary and do not really promote the kind of efficiency that they are aimed at promoting.

I will be glad to answer any questions.

Chairman FORD. Thank you.

[The statement of Mr. Rosenzweig follows:]

TESTIMONY OF

HERB ROSENZWEIG

EXECUTIVE DEPUTY ADMINISTRATOR

HUMAN RESOURCES ADMINISTRATION

CITY OF NEW YORK

I am Herb Rosenzweig, Executive Deputy Administrator of the Human Resources Administration (HRA) of the City of New York. I would like to thank you for this opportunity to tell you what we in New York are doing in the field of work, education and training opportunities for employable recipients of public assistance.

Employment Programs Generally

It is New York's policy to require all employable Aid to Families with Dependent Children (AFDC) recipients for as long as they are on welfare, to look for work and/or to engage in a program aimed at improving their job readiness. HRA encourages and assists recipients in their efforts to find unsubsidized work by providing assessments, support services, and a range of education, training, and job search activities. Beginning with their initial application, the importance and necessity of seeking employment on their own and with the help of the agency is stressed in all their contacts with HRA,

Operating programs that provide motivation and services to help public assistance recipients move toward independence is sound public policy. However, expectations of such programs can be unrealistically high if the nature of the population's problems are not understood. The reality in New York City is that many of the people on our caseload have low reading and mathematic test scores, and they have little "world of work" experience. Such recipients are also likely to have low confidence levels and fear of the world of work as a result of their inexperience and lack of education and training.

Further, unemployment rates for the unskilled remain high in the City, particularly for younger people and the minorities who make up much of our caseload, and unskilled positions have declined in New York city in recent years.

Moving large numbers of people to full-time unsubsidized employment under these conditions is very difficult. Most positions for which recipients with low experience and education levels are likely to qualify pay less than their AFDC grants. It is more reasonable to set a goal of placement in a job that will require some continuing, reduced assistance in the hope that the people will achieve independence in time as skill and experience levels rise.

The Employment Opportunities Program

New York City has the largest AFDC population of any locality in the nation. There are currently 241,390 AFDC households on our rolls, comprising 716,558 individuals, including 467,731 children. The majority of AFDC recipients are not subject to the requirement to seek employment. About 123,000, or half the population, are exempt because they have children under the age of six or an incapacitated person to care for in the home. Another 16,000 are unemployable due to such causes as an illness that exceeds one month, a disability for which they are awaiting determination of their SSI application, or drug or alcohol dependency. About 8,000 at any time are pregnant, while 5,000 are employed and about 8,000 are in full-time approved training programs or school. It is on the remaining population, about 80,000 people, that we focus our efforts.

Our program to serve this population is called the Employment Opportunities (EO) program. It is designed to ensure that each recipient of AFDC subject to work requirements engages in some activity that will enhance his or her employability. In the past, this was not the case.

Prior to the initiation of the EO program, all employable recipients whose youngest child was aged six or over were required to register in the Work Incentive (WIN) program. They were then referred to the State Department of Labor (SDOL), which determined whether they could be certified for WIN. SDOL was able to help find jobs for many of those who had the skills to compete in the job market. The vast majority of these recipents, however, about 80 percent, did not have the experience or skills needed and SDOL placed these recipients in the "Unassigned Pool", and no further effort was made to work with them. Thus, with the exception of about 1,200 people enrolled in the

Community Work Experience Program (CWEP), most recipients were not required to look for work or to engage in some activity that would enhance their employability. These people tended to stay on public assistance for five to ten years.

This has changed since HRA initiated the EO program in November, 1985. Under this policy, all AFDC heads-of-households are required to participate in a program aimed at finding a job or improving their job readiness for as long as they are on public assistance. The programs may include job search, enhanced work programs, work experience, training, remedial education and English-as-a-second language. The program incorporates and compliments WIN, which requires all recipients of AFDC, except for mothers caring for children younger than 6, to register for job development with SDOL.

How the Employment Opportunities Program Works

The new EO program is designed to help our clients become self-sufficient by giving them the tools they need to compete in the job market and by helping them to locate jobs. Since the program started in November 1985, we have seen about 30,000 recipients. SDOL has found jobs for about 4,000. The others are going into training or work experience. We are tracking various control groups of participants to assess the success of the program, but it is still too soon to analyse the results.

I should inform you that one component in our program is CWEP, which we operate under the federal option. We have about 3,200 CWEP slots. We consider work experience to be a valuable program and would support it being made mandatory. Also, we are operating a grant diversion program with about 300 participants under a waiver obtained in January, 1986.

Under EO, an applicant for, or recipient of, AFDC is referred to an SDOL interviewer who reviews her education and employment history and explores her vocational interests. Together the recipient and the interviewer develop an employability plan and discuss the types of services that the City and State can provide in support of the plan. These services can include help in looking for a job, training programs, suppported work programs, work experience, remedial education or English-as-a-second language. The recipient is required to participate in some program that is consistent with her plan for as long as she remains on public assistance, or until she gains employment.

If SDOL can help the recipient with job placement, enhanced work experience (work experience combined with employability enhancement activities) or a training program, and the recipient can arrange her own child care, she will be enrolled with SDOL immediately. If she needs child care services she has three weeks in which to arrange services on her own or find a slot in a public group or family day care program. HRA will pay for independent child care arrangements up to $80 per month per child for after-school care or $160 per month per child for full day care. If she cannot arrange for child care, and has a child or children younger than 13, she will be assigned to a work experience assignment from 9:30 am to 1:30 pm while she continues to look for someone to care for her children.

If the recipient is not ready for job placement or a job training program, SDOL will refer her to HRA staff with a recommendation about the types of services needed to prepare the recipient for the job market. This could include remedial education, English-as-a-second language, training or work experience. The recipient may choose programs that are consistent with her employability plan. She is given three weeks to choose a program in which to enroll. If, at the end of that time, she has not chosen a training or education program, she is assigned to work experience.

Participation in the EO program is mandatory and recipients are sanctioned in accordance with federal and state law and regulations for failure to cooperate. However, all applicants for AFDC who have registered with the WIN program are allowed the opportunity to explain any noncompliance. Those determined to have willfully failed to comply are notified in writing and have the right to an agency conference and/or state fair hearing. The program's procedures are adequate to protect recipients from arbitrary reduction in benefits, and it is not unreasonable to require employable recipients to actively participate in efforts to improve their ability to become self-sufficient.

Other Initiatives

Of particular concern to us are teen mothers on public assistance whose pregnancies can cause them to leave school before completing their education and can result in long-term dependency on the public assistance system. We have initiated a Teen Alternatives for Successful Adulthood (TASA) program for this population designed to provide a coordinated and comprehensive network of services to help avoid repeated, unwanted pregnancies, to help the clients complete their education, and to acquire necessary job skills and employment.

We also have initiated a young fathers' program with the Vocational Foundation Inc. to provide job training and placement services to clients who are on public assistance or who have children on public assistance. This service is targeted to men 16 to 25 years of age, and is supplemented by counselling and parenting/family life education training provided by the YMCA.

Federal Issues

The Administration has proposed that funding for WIN be eliminated in FFY 1987. This would result in a loss to HRA of about $5 million and would seriously undermine our efforts to help AFDC recipients gain employment. We are opposed to the elimination of WIN. Although it alone is insufficient, when it is combined with a comprehensive program, as we have done in the EO program, it is a worthwhile component.

We are also concerned about several of the provisions proposed in the Administracion's Work Opportunities program. First, from a fiscal view, a greater federal contribution to the cost of operating the program is required. The imposition of mandated participation rates will require new programs that states and localities cannot fund alone. Increasing the administrative funds, as proposed, is necessary, but insufficient.

Second, from a programmatic view, the proposed participation standards, which would rise to 75 percent by FFY 89, are problematic. If participation is defined as continuous work activity, such arbitrary standards may be unattainable. Participation is affected by the availablity of funds; if we are forced to spread resources too thinly, to meet participation goals, the programs will be ineffective. We must retain the flexibility in our programs to concentrate resources where they will do the most good.

Finally, we object to the punitive proposal to withhold administrative funds form states that fail to meet participation targets. The history of these "error rate" mechanisms show that single national targets are arbitrary and do not account for variations among local programs in caseload size, type of program offered, and so on. Further, withholding funding only exacerbates the program's problems and frustrates efforts to improve it.

In sum, we believe that there must be a greater federal contribution of funds for work programs, that arbitrary and unrealistic participation rates should not be established, and incentive rather than punitive mechanisms should be used in any performance improvement efforts.

Conclusion

New York City is committed to maximizing the employability of all eligible public assistance recipients through a range of work, training, and education programs. Our EO program attemps to do this on a comprehensive basis. We look forward to improving our programs in the future, and we hope that we will have your support and cooperation.

Thank you.

Chairman **Ford**. There is a recorded vote on the House floor. We are going to have to break for 10 minutes. We would ask the witnesses to just be patient for about 10 minutes, and we will be back. The committee will stand in recess for 10 minutes.

[Recess.]

Chairman **Ford**. The subcommittee will be in order.

The next witness is Mr. James Solomon, who is the commissioner of the South Carolina Department of Social Services. Once again we are delighted to have you. This is, I think, your second appearance before this committee.

STATEMENT OF JAMES L. SOLOMON, JR., COMMISSIONER, SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES

Mr. **Solomon**. Thank you, Mr. Chairman and the other members of your committee. I am pleased to have this opportunity to address the need for the Federal Government, in conjunction with the individual States and the private sector, to assist our citizens who are public assistance recipients to become more of an integral part of the world of work.

Mr. Chairman and members of the committee, since I tend to ramble, with your permission I would just like to read this statement. I will try to move along with it.

Chairman **Ford**. Go right ahead, sir.

Mr. **Solomon**. It is our belief that most people desire to be self-sufficient. In many instances, however, self-sufficiency cannot occur unless there is a work support service delivery system available to assist the public assistance recipient to attain and maintain his or her highest level of functioning and economic independence.

The South Carolina Department of Social Services is committed to the development and operation of a work support service system which is responsive to the individual employability needs of the public assistance recipient. In response to this commitment, we have taken the initiative, in conjunction with representatives from other South Carolina State agencies, organizations, the business and industrial community, the South Carolina General Assembly, and the office of the Governor, to develop and implement a work support system.

Although the DSS work support service system is designed to respond to the barriers to employment confronting the adult member, or members, of the aid to families with dependent children [FDC] family unit, aged 18 years and older, major emphasis is placed upon the development and operation of work oriented and support programs for AFDC youth between the ages of 14 to 17. A major focus of the work support system in South Carolina is the mobilization of all available resources toward a preventive effort designed to reduce or eliminate the need for public assistance for AFDC youth in the future, thereby breaking the welfare cycle. The primary goal of our system is to develop, provide, and/or coordinate services which assist public assistance recipients to attain and maintain their highest level of economic independence through employment in response to the manpower needs of the South Carolina business and industrial community.

It is our intent to implement the work support service system so that access is available to all public assistance recipients in South Carolina. Due to funding limitations, however, the system is presently in operation in one area serving three counties within the State. Depending upon the availability of funds, we anticipate further piloting a Work Support Program in 8 target areas, impacting 18 of the State's 46 counties, effective July 1, 1986.

We firmly believe the South Carolina DSS work support system has features worthy of your consideration. I therefore would like to briefly provide an overview of some of the major program components.

Our existing county departments of social services are an integral part of the work support system as the economic service workers play a key role in referring individuals to the work support unit and providing needed counseling and guidance. Unless in an exempted category, the caretaker relative or principal wage earner, the unemployed parent must register for work support services as a condition for eligibility. Failure of an individual who meets the mandatory test to participate in the Work Support Program will result in a sanction, a loss of public assistance. Emphasis is placed upon encouraging, both by the economic service worker and the work support staff, those individuals who are in an exempt category to participate in the Work Support Program on a voluntary basis.

Following referral to the work support unit, an assessment of the individual's vocational, educational, psychological, social, and medical functioning is completed. The extent and comprehensiveness of the assessment is based upon the level of functioning and need of the individual. After completion of the assessment phase, an individual employability plan is developed which identifies specific barriers to employment and services necessary to reduce or eliminate those employment barriers.

Services provided, depending upon individualized need, may include personal, social, and work adjustment training, employment search and job club activities, educational and vocational training, counseling and guidance, job placement, and follow-along support. Additional support services are available, including child care, transportation, and other work-oriented services that are necessary to assist the individual to obtain competitive employment.

In order to be successful in our efforts to eliminate dependency on public assistance, we must be innovative and creative. Special service programs must be developed both for the adult public assistance recipient and the AFDC youth at risk. Program components which respond to some of these special needs have been incorporated into our work support system.

The Intergenerational Reading Program is a tutorial program which provides public assistance recipients, functioning below the fourth grade reading level, a means to improve their reading skills. A unique aspect of this program component is the use of college and university work study students to reach DSS clients utilizing the Laubach method. Other participants in this most important program are the State Office of Adult Education, South Carolina Literacy Association, State and county libraries, and the South Carolina Educational Television Network.

Project Free Enterprise, which is jointly sponsored by the Governor's Office of Employment and Training, is designed to serve as one model for breaking the cycle of public assistance. This program provides for the involvement of AFDC youth, ages 14 to 17, in activities which expose them to the American free enterprise system and gives them the opportunity to engage in entrepreneurship.

The Teen Companion Program has been developed with the primary objective to assist in delaying teenage parenting until such time as one can afford to adequately care for a child. Utilizing adult and teen companions, AFDC youth, male and female, ages 12 to 17, are involved in social, recreational, educational, and vocational activities. Although the program focuses on delaying teenage parenting, emphasis is placed upon developing and attaining future educational and vocational goals.

We take the position, Mr. Chairman that while teenage pregnancy may be considered a social and medical problem, preventing teenage pregnancy is an economic problem, and one that is very close to the need to assist with self-sufficiency.

The following are some of the major characteristics and requirements of the DSS Work Support Service System.

The system represents a major philosophical change to the mission and purpose of the Public Assistance Program in South Carolina. Public assistance payments are viewed as a means to an end as opposed to an end in itself.

The system is a cost-effective program which coordinates the use of existing resources of all work-oriented organizations and agencies to impact client employment-related needs. The system does not duplicate, but is designed to supplement and complement existing programs. Performance measurements established indicate a minimum of a two-to-one cost-effectiveness ratio.

The Work Support Program focuses upon the individual employability needs of the public assistance recipient. Although a wide array of work-oriented services are available, services are only provided based upon specific need in order to become employed.

The system focuses upon the manpower needs of the State's business and industrial community. The private sector must be an integral part of the design and operation of an effective, efficient work support system. In order to enhance and facilitate this joint partnership between the public and private sector, a State Business and Industrial Advisory Committee has been established by the Board of the South Carolina Department of Social Services. This most important advisory committee will provide ongoing guidance and direction to the department regarding the operation of the work support system.

In addition, a community-based work support council, comprised of local private and public sector representatives, is established in each target area in order to provide more individualized guidance and direction to the work support system.

The system focuses on the effective use of human resources as related to the future economy and quality of life in South Carolina.

Mr. Chairman and Mr. Campbell, I appreciate the opportunity to share with you some of the efforts of the State of South Carolina to assist our citizens who are public assistance recipients to become self-sufficient. Before I conclude, with your permission, I would like to briefly present for your consideration several recommendations:

One, we firmly believe that a work support system must be initiated from the Federal level which gives each State the flexibility to design and operate a system which is responsive to the availability of resources, the uniqueness of the State, and specific needs of individuals and members of their families who are current or potential recipients of public assistance.

Two, the Federal initiative should encourage State legislation which provides for the development and implementation of a work support system. And as Mr. Campbell mentioned, we have proposed such legislation in South Carolina. That legislation, which implements this program, has passed the South Carolina Senate and is currently being considered by the House.

Three, the administrative responsibility for the implementation and operation of the work support system should be placed with the State welfare or social service agency.

Four, funding for the implementation and operation of the work support system at the Federal level is of critical importance. It is proposed that the matching formula for the work support system be no less than the existing match for the AFDC program, preferably a 75-25 matching ratio.

Five, funding for the operation of the work support system should provide for a wide array of work-oriented services, including educational, employment, and vocational training. Funding must also be made available for the development and operation of special work support programs for AFDC youth.

We believe there is greater potential for breaking the welfare cycle in the next generation of welfare recipients than there may be in the current generation, so we feel that there must be concerted opportunities to work with youth.

Six, we are philosophically opposed to the basic concept of workfare. In order to break the welfare cycle it is extremely important that the public welfare recipient be able to enter the competitive labor market. We urge that any work initiative focus on placing the individual into the private employment sector.

Seven, a major deterrent to obtaining employment for the public assistance recipient is the termination of Medicaid coverage. Upon employment, Medicaid coverage should be continued for an established period of time based upon economic need, for at least 1 year.

We have submitted a Medicaid waiver request which would allow those recipients in our work program to continue to receive Medicaid for a year.

Eight, funding is also needed to develop an automated management information system for the Work Support Program. It is extremely important that a case tracking system for individuals involved in the work support system be developed in order to gather and analyze data regarding the responsiveness, effectiveness, and efficiency of the system.

Nine, performance standards must be established. The evaluation design should include both process and outcome measurements. There must be assurance that performance indicators and requirements are not established which place emphasis on the most employable at the expense of the least employable public assistance recipient.

A work support system that doesn't address the hardcore unemployed persons is not very effective, we believe.

Mr. Chairman, on behalf of the South Carolina Department of Social Services, I wish to thank you and the other members of your committee for the opportunity to address you on this issue. I look forward to the future as we work together as a State and Federal government to assist our fellow citizens in becoming self-sufficient. I would be pleased to attempt to respond to any questions which you might have.

[The prepared statement was read.]

Chairman **Ford**. Thank you very much, Mr. Solomon.

Let's talk a few minutes about work education and training opportunities.

Most of the witnesses who have testified before this subcommittee on this subject, have talked about being innovative enough to create programs that will move people off the welfare rolls into the marketplace and the workplace.

We know two-thirds of all recipients in welfare happen to be minor children, so we are not talking about moving the children into the workforce.

Although, going back to an earlier statement, you were talking about New York. Many of those who are trapped in the cycle of welfare, of poverty, 6, 7, 8 years; and with your old program it would take 4 or 5 years even to make some of these people aware of the fact there are opportunities that are out there.

So, if you are talking 7 or 8 years, we are talking about children in many of these family units, and 5 years out we are talking about teenagers. We are talking about 13, 14, and 15 years old now.

Will the program really address in the State of New York any of the problems that the children will be faced with in trying to make sure that they are not trapped or caught in this cycle of poverty that will breed one generation to the next of welfare dependency?

Mr. **Rosenzweig**. Well, I think that the main problems——

Chairman **Ford**. Not only for New York. I am asking in general.

Mr. **Rosenzweig**. In New York we have a very high dropout rate out of school, and I think we have—the mayor has instituted programs to try to deal with that problem.

Clearly, it seems to me you have to get the children to stay in school, to develop the skills they will need in the job market and have to have jobs for them.

We have a horrendous unemployment rate for minority youths coming out of high school.

Chairman **Ford**. What about in the Department of Human Services, your department? Are you all doing anything to enhance that?

Mr. **Rosenzweig**. We have small demonstration programs, but when you are talking about the magnitude of the situation in New York City, you are talking about 500,000 children on welfare.

You are talking about a horrendous dropout rate and an unemployment rate for minority teenagers in the 40-some odd percentage range.

Those are the areas you have to—that will have to be addressed in some way to break the cycle.

I don't think it is within our purview—I mean, with the pitiful resources we have, it is not within our purview to deal with those major factors.

Those, as I see them, those two issues—the unemployment rate and the dropout rate—are the real key issues, and I just don't think we in the Human Resources Administration have the authority or the ability to deal with those on a massive scale.

Chairman FORD. Do you think the State of New York is doing everything it possibly can to address the real needs of welfare—well, to promote independence from welfare or to reform its own welfare system?

I understand your AFDC payments are very high. I know you have all of these programs to address many of the problems that are out there.

But I know that New York is a very progressive State, and we are talking about tackling the problem of welfare reform or addressing the needs of those who are welfare recipients.

Do you think you approach the welfare issue in the same progressive or aggressive way that you might in other areas, other issues New York State has been confronted with in the past?

Mr. ROSENZWEIG. I think we do. I think we have a very progressive program in the State.

We have a high grant level, and we have a State constitution which protects the rights of the people.

Chairman FORD. You mentioned Massachusetts had a high school graduation rate of some 75 percent of their recipients, and New York State is lower than the 75 percent.

I don't mean just talking about dollars and implementing all of the programs, but I think—have you, in a real aggressive manner, tried to tackle and address the real needs of the welfare system itself in trying to move people off the rolls, into the workplace?

I mean, New York City and New York State has been a very aggressive State in the past.

Mr. ROSENZWEIG. I think we are doing as much as we can given the outside factors that affect the situation.

I think that we have a reasonable program, that we are moving ahead with it with deliberate speed, and that the will is there, the intention is there to deal with the problems as we get to them.

I think the Governor has come up with some good proposals trying to reach people before their children get to be 6; volunteer programs on a demonstration basis, to deal with the mothers when their children are young, and to provide the support so they don't go through 6 years of dependency before they have a chance to move in.

But, once again, all I can say is that the size of the problem is so immense that when you deal with a program for 1,000 people and your needs are 90,000 or something like that, you can't expect to see major changes over a small period of time.

Chairman FORD. What about the Federal Government?

As you look at the Federal welfare program, what about the Federal program?

If we look at States and if we wanted to implement something similar to New York, Massachusetts, other States with work and training programs, should we require participation from recipients, or should we look at Massachusetts or States like that and say, let the recipients come in on a voluntary basis?

Mr. **Rosenzweig**. Well, for New York, I believe that a mandatory program is essential.

I don't know what my colleague from South Carolina feels.

Certainly Commissioner Atkins feels the mandatory program didn't work, but he is picking up the motivated people, the people who have more skills and are motivated.

Chairman **Ford**. How many of these recipients can you accommodate, anyway, in a given year or so?

Are you requiring participation versus a voluntary participation?

There are only so many that can be accommodated in any of these programs in any calendar year or fiscal year.

Mr. **Rosenzweig**. We are hoping to reach, essentially, all of our case load within a year from now.

Chairman **Ford**. All 400,000?

Mr. **Rosenzweig**. It is not that many.

Chairman **Ford**. Your testimony said 300,000 some.

Mr. **Rosenzweig**. Only 80,000 are subject to work rules.

Chairman **Ford**. You are saying out of 300 some odd thousand that you mention in your testimony——

Mr. **Rosenzweig**. I think the numbers are there, despite the typo.

Chairman **Ford**. 241,000 households, 716,000 individuals, including 461,000 children.

Mr. **Rosenzweig**. If you look at those numbers, I think we have of the 240,000 households, 123,000 have children under 6; another 16,000 are unemployable because of illness or disability; 8,000 at any given time are——

Chairman **Ford**. Do you think it is still a good idea to exempt women with young children from the work and educational training programs?

New York is——

Mr. **Rosenzweig**. Practically, I don't know what else to do. I think it would be nice to find some way to encourage them to participate, but I don't see any way to mandate participation unless you have a way to provide for the child support for the young children before they are in school, and I just don't see that as a practical situation.

Mrs. Jones, who has got a 2-year-old, I don't see that we can mandate she leave this child in a day care center in New York. At any rate, the day care is not available. We don't have anything near the magnitude that would be required for that.

So, I would favor at this stage—I would favor a voluntary participation for children, for recipients with preschool children.

I would not favor a mandatory——

Chairman **Ford**. In other words, don't mandate it; mandate it after the children are over the age of 6.

Is that it?

Mr. **Rosenzweig**. I don't see how we can mandate it with the child care problem.

ucs

Chairman **Ford**. With the proper day care, whatever would be necessary—you don't see——

Mr. **Rosenzweig**. If that were available, I think you would still have difficulty about what age you want.

Maybe at the age of 4 you could say, "OK, we are going to provide——"

Chairman **Ford**. But those parents would want to volunteer into the program.

Mr. **Rosenzweig**. We do want to encourage them, and in New York State the Governor has proposed a program to require the employment assessment for all of the people, for all of the recipients, and encouragement and programs, provide substantial support, including day care for those who want to volunteer.

I would go in that direction. I don't think it is practical to mandate——

Chairman **Ford**. Could I hear from you, Mr. Solomon?

Mr. **Solomon**. I agree with my colleague. Unemployment and school dropouts are very serious concerns.

I would hasten to say, though, in South Carolina we have attempted to convince the Governor and had some success in convincing the Governor and the general assembly that our responsibilities go beyond that, of providing assistance.

We take a holistic approach to client service. We believe that we have a responsibility to attempt to break the welfare cycle, to enhance the ability of our clients to become self-sufficient.

We believe that the quickest way to assist persons in achieving dignity and respect is to assist them in getting a meaningful job, a job that provides resources to them and allows them opportunities for advancement.

That is why we believe that the business and industrial community must join with us in this effort.

We work very closely with our development board in trying to identify where jobs might exist 6 months, 7 months, 8 months, a year down the road, the kind of skills that will be required for those jobs, and getting training programs in early so that recipients can be ready to assume some of those jobs when they become available.

There are not enough jobs, obviously. However, we do not believe that people ought to be required to work for no pay, just to receive their assistance.

We don't think the motivation is there. It is just not human nature to work without getting paid.

So, we believe in jobs in the private sector or in government that pay.

Further, we think that any meaningful work program has to give serious attention to children.

I think that the statistics will bear out that once a young lady becomes pregnant the chances of her having a second child in the next year or so are very high.

That is why we are so interested in delaying parenting and preventing pregnancies.

I don't like to say "preventing pregnancies." I prefer saying "delaying parenting," because when you talk about delaying parenting, you are talking about working with both the males and the females.

We think young people have to be encouraged to stay in school.

We think that they have to believe that there is a place for them in this American free enterprise system. We have got 350 young people in South Carolina now in a program designed to involve them with the business community.

At our last State Department of Social Services board meeting, we brought eight young people from schools who had established their own companies with the assistance of businesses. These companies have manufactured products, and some of these companies have earned $4,000 over a year being operated by those young people.

Those young people are turned on. They are turned on to the system. It would be a tragedy if when they finish high school they couldn't get employed, so we have to work at making sure that there are employment opportunities for them. But those young people, I dare say, will not enter the welfare system, although they are now children in AFDC families. I think that this is where we must place our emphasis.

Chairman **Ford**. There is a recorded vote on the House floor. The committee will stand in recess for about 8 minutes.

[Recess.]

Mr. **Matsui** [presiding]. Chairman Ford will be here in a moment. He has been delayed in a meeting at this time.

I believe Mr. Campbell has a question.

Mr. **Campbell**. Thank you very much, Mr. Chairman.

First of all, I want to thank both of you on the panel for coming and for your testimony.

Mr. Solomon, you mentioned the legislature is now considering the bill that you outlined. Are you receiving general support across the board for the concept that you put forward?

Mr. **Solomon**. Yes, sir, we are.

As I mentioned, the bill passed the Senate with little opposition.

As a matter of fact, I will be testifying before the House committee tomorrow morning. We expect that bill will be reported out, and I might add that it is a piece of legislation that has bipartisan support.

Mr. **Campbell**. Let me pursue a couple points. Both of you said you didn't think that you ought to require people, and I believe you said that in New York those who had children under 6 weren't required to participate in this program.

Is that correct?

Mr. **Rosenzweig**. Yes.

Mr. **Solomon**. That is generally true in South Carolina.

Mr. **Campbell**. Let me go further with that.

You also made a statement, Mr. Solomon, that generally, if a young girl gets pregnant you can count on having a second baby in a couple years.

You are essentially locking them into about an 8-year cycle with no help if you aren't making an effort to really get them into a basic skills program or some advanced training program or even into the job market, aren't you?

Mr. **Solomon**. That is true. And I think, as my colleague does, this group ought to be encouraged to participate in educational training programs. I really don't think we can make it mandatory, however, until we have adequate day care facilities available for them. That is the big problem, transportation and day care.

If adequate day care facilities were available and transportation was available, I think I would be inclined to say mothers with children 3 years and older ought to be required to participate.

Mr. **Campbell**. What I am concerned about, and this committee has talked about this item, is the fact that we are losing a lot of them at age 14 and 15 with no basic skills, no requirement to do anything to themselves for the aid that they are getting. If they have two, and they are in their twenties, they have a lot more difficulty in going back to get that basic skill level that they need.

Mr. **Solomon**. That is true. That is why I believe we must put forth extensive efforts to delay parenting.

I know that we will never be 100 percent successful, but I do believe that we can really address this problem if we work at it.

Mr. **Campbell**. I agree with your approach there.

This committee has addressed the fact a young girl under 16 ought not to be able to set up a separate housing unit for herself, when she is safe in a home. But where there is day care available—for instance, you and I talked about the availability of the technical schools in South Carolina where everybody is within 30 or 35 miles of the L.A. technical school which teaches remedial reading, math, all the basic skills. Why shouldn't you have an exhaustive effort to require that 15-year-old girl or that 16-year-old that cannot read and write very well to go to those technical centers if there is, in any way, any day care available?

If not—let me finish the question—would you think that we might look at some requirement for day care availability at such schools and an absolute requirement that in order to participate and receive the benefits that person has to go and has to go at least half a day or 4 hours a day, or whatever it is, to try to bring them along?

Mr. **Solomon**. I would agree with that.

But I am not so sure I would agree with it for mothers with children under 3. But children 3 and older, if there were adequate day care facilities at the school and there was a means of getting to the school, then, yes, certainly, I think that participation and training in the educational programs could be required.

Mr. **Campbell**. I know an awful lot of working mothers with children between 1 and 2 who use day care schools, who aren't on welfare and work.

I wouldn't want to require someone to go 8 hours a day or something, but to have some sort of educational requirement linkage, in order to try to show them that there is a way to go, to me, is probably the kindest thing that you will ever do for those people. Otherwise, once they get on AFDC they may not quite have the incentive, certainly don't have the skills, basics or otherwise, to leave.

But at the same time, I agree with you that there has to be some day care available for the child.

That is the reason I mention the possibility of the schools themselves. I think you ought to maintain your State laws. If you are 16 years old, you have to go or you are a truant. I don't care if you are pregnant or not pregnant, because attendance is required to help people get somewhere.

Mr. **Solomon**. Many of the people will continue to go to public schools while they are pregnant and after the baby comes.

I am not a social worker, as you know, and my notion about the age of a child might not be very soundly based.

It is a perception that I have. If I was asked to defend it, I probably couldn't. I just feel that way.

But I think that if we would put as much energy and effort and resources into finding ways of delaying parenting, to motivate young people, to reduce unemployement, the unemployment rate for youth, as we put in taking care of young teenagers once they become pregnant, it just seems to me we would be much better off, because I think there are ways to address that problem and to delay parenting.

Mr. **Campbell**. I totally agree with you. An ounce of prevention is worth all the cure in the world. But the fact is, the problem I am looking at is already there.

Let me just follow that a little bit.

You know this committee took a stance and wrote into law a child support requirement. I understand that it increased child support payments last year across the Nation by about $3 billion.

This says there is a lot of young people out there getting some assistance, children that weren't getting it. That is according to figures we got today from HHS.

Do you think that we should make an effort to go after the fathers who are not married and require them to participate in either a training or support program?

Mr. **Solomon**. Absolutely. We have incorporated the child support requirements in the work bill that I mentioned earlier that is being considered in the South Carolina House.

I definitely feel that young men must assume responsibility for their children, and if a father is identified and he is unemployed and is not employable, he ought to be required to receive training and education, become employable, become employed, and help support his child.

Mr. **Campbell**. I agree with that. I agree with that very much.

I think that the problem of maintenance is what our system has been geared to so long. Just maintaining and not trying to break a cycle has been a problem for the country.

And I support the effort you are making and others in New York, efforts that you have made in the participation requirements. I just don't think it is too much to ask somebody, do something back to help themselves if everybody else is going to do something to help.

Mr. **Solomon**. I agree with that, and I think, basically, assistance payment recipients want to help themselves and will help themselves if given the opportunity.

I think also that identifying fathers and making it mandatory that they participate in training or work so they can eventually help support their children might cause them to be more responsible for their actions.

Mr. **Campbell**. Do you think that perhaps if we got into some sort of required training program, would it be reasonable to require the attainment of a GED?

Mr. **Solomon**. I would think that that might be reasonable, in most cases, anyway.

Now, I am not talking about persons with learning disabilities and that sort of thing, but I think that for the average person that is a reasonable expectation, provided they are given the opportunity to receive training under qualified leadership, qualified teachers.

Mr. **Campbell**. Mr. Solomon, the program that you are outlining that is pending in the State of South Carolina and the points that you made are lending themselves toward helping.

Let me ask you about the cost effectiveness of the program that you are pursuing. As you made so clear, there is only so much money, and if you had more you could expand the program.

Let me address it to New York, first.

You mentioned you had a program with about how many people in it, a thousand?

Mr. **Rosenzweig**. We have 250,000.

Mr. **Campbell**. I am talking about in your work program.

Mr. **Rosenzweig**. 80,000. It is subject to work rules at any given time.

People are coming in and leaving, but at any given time.

Mr. **Campbell**. What is the experience of your requirements as to people moving off the cycle of welfare and those that are required to participate in the work program?

Mr. **Rosenzweig**. Our program is fairly new, and since the major new piece of it is aimed at those with protracted periods of dependency, we expect it will take a while before we will be able to assess it.

We have started an evaluation of test groups and people going through the program, but it will be a minimum of a year, a year and a half, before we can get analysis of those data.

When you talk about cost benefits, there is a hidden cost benefit or a cost benefit that is subsidiary to this, which is, very frankly, finding people who have other ways of supporting themselves and can't get involved in a training program.

Now, we have at least 12, 13 percent of the people who have been receiving public assistance, when they are called into this program and saying, "Now you have to participate in a work program," simply leave the welfare rolls.

We don't know why. We can only assume that it had something to do with the fact they are receiving public assistance for 4 years and now all of a sudden they stop.

It can have something to do with the fact that the work rules were involved.

Now, if you include those costs, if you include that as a cost avoidance, then the picture is very different than if you just take the people who you know you find jobs for and move off the rolls.

Mr. **Campbell**. We had a pilot program on food stamps in my district, and when we first implemented the work requirements a lot of people dropped off, and a cry of public do-gooders went out in the community. It is terrible, those people are going to go hungry.

But a study was done, and guess what? They were already working for cash, and being required to go somewhere else interfered with their other income.

That is the reason I go back to the point of saying, why shouldn't you require them to do something in return?

Mr. **Rosenzweig**. I support that. I believe that part of the problem we have had in the past has been not enough responsibility is placed on the recipient.

I think there is a tendency to treat the recipient as a completely dependent person that you have to do everything for.

You have to find day care. You have to make sure that the person is there. You have to lead the person by the hand over here and the like.

And I think that that is not a productive way to deal with the recipients.

And the major focus of our effort in New York City is to get the message across to the people that they have a responsibility to do something for themselves and continuously do something for themselves to improve their situation as long as they are receiving welfare.

And it is their responsibility. It is our responsibility to provide them with the encouragement and support and training.

We can lead them, but we can't—you talked about taking someone to school. You can lead a horse to water but you can't make him drink.

You can make them go to school and sit in a classroom; you can't make them learn to get the GED.

Basically, what we are saying is, we will provide the support and encouragement, but the recipient has a responsibility, and I think that it is essential to get that message across, because I don't think that has been the message that has been existent up to now.

Mr. **Campbell**. So you think it is reasonable to require either an education component, basic skills or job skills.

Mr. **Rosenzweig**. Right.

Mr. **Campbell**. And job search.

Mr. **Rosenzweig**. Yes. I believe it is appropriate to require full-time—virtually full-time participation.

Mr. **Campbell**. If there is no job search success to require participation in another type of work program?

Mr. **Rosenzweig**. Yes.

Mr. **Campbell**. You agree with that, Mr. Solomon?

Mr. **Solomon**. I believe that it is reasonable to require them to participate in training, educational programs and job search and to seek employment and to, hopefully, become employed.

I tend to believe that if we do this that we are going to have a considerable number, approximately as many as we can handle, who will opt to participate and who will enter the work program.

If I might just take one moment and say that one of the reasons I believe this is because of my own experiences.

I grew up in a housing project in Atlanta, and one of the things that impressed me most and that I remember most vividly from my childhood was that everybody that I knew in that housing project wanted to get out.

I mean, they wanted to work. They wanted to own their own homes. They wanted to get out.

Now, I don't believe people have changed that much. That has been a few years, I will admit.

But I don't believe that people have changed that much.

So, I believe that if people are given the opportunity for real work—not work which is demeaning, you know, but real work—to earn some money, provided that they are not going to get their welfare—I mean, their Medicaid taken away from them before they have an opportunity to earn enough money to pay the medical bill, I believe that they will work.

And if that belief is true, then you don't have to have that other level of forcing them into public service.

There is nothing wrong with public service, but I am against public service that is demeaning, and we do have two workfare programs in our State, and they are not working well.

We have a couple of projects that work better. My experience with workfare has not been most positive. I am committed to putting my resources and energies into the other side of it.

Mr. **Campbell**. Maybe I am wrong, but I think you can put in all the incentives in the world and you will attract those who will try to break out themselves somewhere if given a shot. They are going to try to break out. They are going to try to take advantage of what they can where it is available.

And I am all for that. But I have heard too much testimony before this committee in the past and seen too many instances where there were people that weren't motivated to break out.

Most of the time, unfortuantely, they were younger, and they are the ones that I am worrying about making go to school and get their basic training. You can't tell me that you are kind to a 14-year-old girl by not pushing her to get her education.

Mr. **Solomon**. I think, Mr. Campbell—I hope that you will ask me that a year from now after we have had 1 year's experience with our work project.

We are into our first year with the Teen Companion Program, and we have some evaluation procedures developing in both of these programs.

I would hope that if you would ask me 1 year from now I would be able to demonstrate that a positive approach to encouraging these young people to learn, to stay in school, to delay parenting, is meaningful and works.

My concern right now is that these young people that get turned on aren't going to be able to find work because of the high youth unemployment rate.

If we work——

Mr. **Campbell**. There is also a direct correlation to the education level and the high youth unemployment rate, too.

Mr. **Solomon**. That is right, but if they are turned on and stay in school, then you are going to have them graduating from high school and going to tech school and whatever in the hope that they will be employed.

I just feel that my own experience has taught me the positive approach to this is more meaningful and will work.

Now, there will be a hardcore, I suspect, of young people, and adults, too, that aren't going to work no matter what you do. They will leave the system and they will survive.

Mr. CAMPBELL. They have to have something to survive on.

Mr. SOLOMON. They seem to find ways to survive.

My point is, I would just so much prefer using our energies and our resources, limited as they are, in the positive approach, and helping those who want to get out and, like you say, would probably work to get out, anyway, but with help.

Mr. CAMPBELL. I am all for reaching out and holding their hands and leading them and everything else, but I get down to the realistic point in my mind that there are an awful lot you are not going to lead, and if we get to that level of people, shouldn't we have some requirements?

Mr. SOLOMON. If we can get the Federal and State governments to cooperate and give us the resources to work with these young people and adults from a positive perspective, then I will go along with the other part of it.

Mr. CAMPBELL. Well, I certainly hope that your system works.

I admire you for everything that you have done in South Carolina. You have done a wonderful job. I do still feel very strongly that there should be a requirement for continued education, either advanced skill or basic skill level. And, if they have the advanced skill or basic skills to move in the job market requirement and job search, and if they do not—and you would have to draw the criteria, obviously, for it—but if they do not participate, a requirement for work.

I mean, the job search works that way on unemployment compensation or they are cut off. It is a great incentive.

Mr. SOLOMON. And I agree with you.

I just don't agree that it is productive to put—to force people to work in jobs which are demeaning.

Mr. CAMPBELL. I don't want to force them to work in anything.

I want them to get the experience of work so they know what it is and give them every opportunity to go in with their skills and go into job search on their own and get something.

If there is not meaningful participation in job search, real interviews—if they turn down jobs just to do it so they can keep on, at that point I think they ought to be required to work.

Mr. SOLOMON. I can't argue with that.

Mr. ROSENZWEIG. If I may, I would like to respond to this issue of demeaning work.

I don't think raking leaves in a park is demeaning. I don't think filing papers in a welfare center is demeaning. And I don't think cleaning an office is demeaning.

These are essential jobs that are done throughout our society. And the work experience program we have in New York provides for people to get work experience.

Now, I think that it is often thought of as a slave labor issue, punitive and the like. I think we get very real benefits for the vast number of people who participate in that program.

The fact that these people who have low educational levels in most cases dropped out of schools, cannot compete in the job market and haven't been associated with the job market in many years, are required to get up in the morning, go to work, do something that is productive in the society, participate in a work environment with other people who are working, and the whole gestalt of being there instead of being at home, is positive for the vast majority of people involved.

I think the studies being done by Manpower, MDRC Corp., on the work experience programs throughout the country, have shown that the people generally feel—the participants and the supervisors—generally feel it is appropriate for them to participate in the program, that they get benefit from it.

I think that——

Mr. **Campbell**. Let me ask you another question about that.

I was talking with a lot of people that had been involved in the CWEP programs.

Isn't it true a pretty good percentage of those who could go out where you can place them in some kind of work environment, have an ability to move into a permanent environment, even in the position they are placed in?

Mr. **Rosenzweig**. We have many, many in New York. As I say, we have about 16,000 between general assistance and AFDC, people in any given time in the Public Works Program or Work Experience Program.

Many, many of them we could turn over and get jobs. One of the abuses we hear about many times are staying in the same slot for a long time.

Now, I have had experience with people who have been in the same slot and functioning well there, and we would like to turn them over and get them jobs with the agency, but we can only do that under the civil service system if there is a list.

We encourage them to take tests and the like, but I think people do get good experience and in many cases there are many, many people more positive stories than there are negative.

Mr. **Campbell**. I was very interested in my city, we have a very large food bank program, not operated by the Government but under some of the public assistance programs that are private.

They require the people to do some work. And I was very interested because I spoke to them at their annual dinner not long ago to find out, of the five people that work inside that food bank, that three of them were there because they had to go somewhere to work to get the assistance they were getting. And when a permanent slot opened and they expanded the staff, they were put on in the permanent slot.

That is the point I am driving toward.

Mr. **Rosenzweig**. We tried to do that. We hired about 200 people in the last 3 months for our agency. We have a very big homeless population. We have shelters for the homeless. We have hired people in permanent jobs at salaries of $16,000——

Mr. **Campbell**. Who had a work record.

Mr. **Rosenzweig**. Were recommended by their supervisors in the Public Works Program as having a good record.

At the end of 6 months in our program every person has to have a review from their supervisors. The people with good—I guess I should mention that.

After a person is on work experience for 1 month they are required to go into a job search program, in addition, in which we provide counseling on how to find jobs.

And we provide referrals to employment agencies that we contract with to help the people to do testing and to do referrals to jobs.

They go out on job interviews. If, at the end of 6 months, they haven't got a job, they are evaluated by their supervisor, and those with good evaluations are referred to training programs.

We have a very successful combined work experience and classroom training program where people learning skills like word processing will go to a classroom for a week and be on the job for a week.

So, we don't see it as a dead-end thing. We don't see it as performing demeaning work, and we don't see it as a punitive program.

It is a—I believe for the vast majority of people in the program it is a positive first step, and with the appropriate supports that we try to provide is a definite positive step in the program.

Mr. Campbell. Thank you very much.

Mr. Solomon. Could I make one comment?

I am certainly pleased to hear the results of the experiences in New York.

I don't know very much about New York. I do know an awful lot about South Carolina, not as much as you, of course, Mr. Campbell, but some.

But my position would be, if the work is meaningful and if it is productive, pay them for it and reduce their assistance payments.

And if it is not meaningful and you can't pay them for it, then it isn't productive.

Mr. Campbell. But Mr. Solomon, let me speak to meaningful and productive, and that is an unfortunate catch-22 we find ourselve in.

We want to go to work, but what is meaningful for you to work at?

I can tell you, while there are jobs we may not consider meaningful, a lot of times there are lines of people trying to get those jobs.

Mr. Solomon. There is nothing wrong with being a janitor if I get paid for it.

Mr. Matsui. You weren't suggesting that raking leaves and cleaning offices is demeaning work?

Mr. Solomon. I was not suggesting those things were not meaningful or demeaning.

I do believe, however, people ought to be paid for work and their assistance payments could be reduced accordingly.

I completely agree that training programs and work programs side by side could be very meaningful activities, and we have some of those in South Carolina, and I support that.

Mr. Campbell. When we speak of being paid for work, I guess—and I understand what you are saying, but I guess the difference is, I consider dollars that are being drawn from the rest of the people who are working, the taxpayers, as a payment of sorts.

And I think maybe that is where my definition may be a little different.

Mr. SOLOMON. It may be. I think there is a perception that that is not the case.

These are handouts. It is commonly perceived by folks that these are handouts.

Mr. CAMPBELL. Nobody doesn't get something that doesn't come from somebody else.

Mr. SOLOMON. I know.

All I am saying is there is that perception.

Mr. MATSUI. Dave Stockman proved that.

Mr. CAMPBELL. He did, didn't he?

Mr. MATSUI. Mr. Solomon, let me try to understand your testimony and your comments.

You are not suggesting that people who want to work, that you help train, that you provide job assistance to, that you provide day care services, and transportation needs, that those people shouldn't work, right?

You are suggesting you get as many people as you can——

Mr. SOLOMON. I am suggesting just the opposite, that they should work and they will work.

Mr. MATSUI. What you are suggesting is that you try to bring people into the workforce by working with them.

Mr. SOLOMON. That is correct.

Mr. MATSUI. I don't see much difference between your testimony and the gentleman from New York's testimony.

Mr. SOLOMON. I don't either.

Mr. MATSUI. I am going to ask Mr. Rosenzweig a question, but he can sit back for a moment.

I understand from your testimony that you have this program to try to get people in the work force. You provide job training and other kinds of things, and your success rate is what?

Mr. SOLOMON. It is a fairly new program. We find ourselves in the same situation he is in, in that we haven't been working with them long enough to evaluate it, but we believe in it, and we think it is going to work.

Mr. MATSUI. Thank you.

I would now like to ask Mr. Rosenzweig a question.

You described your program and you have described how you would put somebody into the program providing job training, day care assistance, transportation needs and other things.

Now, what if that person says, after all this—perhaps they have a couple kids over 6 years of age, 8 or 9, whatever it may be—they say, "I just can't work. I just don't want to work."

What do you do? Do you cut them off of any assistance?

Mr. ROSENZWEIG. They say they don't want to work?

Mr. MATSUI. Yes.

Mr. ROSENZWEIG. There are provisions for sanctions. Their grant is reduced.

Mr. MATSUI. You cut them off assistance altogether?

Mr. ROSENZWEIG. We first send them a notice saying that, "You are not complying with the regulations, and if you don't comply with the regulations your grant will be reduced."

And then if the person doesn't come in or request a fair hearing, the grant is reduced for a period of 3 months as the first sanction.

Mr. MATSUI. Even if they have three kids or four kids?

Mr. **Rosenzweig**. If they have four kids they are getting a budget for five people, and the grant budget is reduced to four people.

Mr. **Matsui**. So the children will still be provided for.

Mr. **Rosenzweig**. Right.

Mr. **Matsui**. What is the differentiation? By what percentage is the assistance decreased? Let's say it is a mother with four children.

Mr. **Rosenzweig**. Less than proportional. It is less than proportional. It is not one-fifth of the grant, it is a little less than that.

Mr. **Matsui**. Do you have an idea what the percentage would be? Is it like a 50-percent cutback or a 15-percent cutback?

Mr. **Rosenzweig**. Oh, no; you had a family of four, it would be at the most a 25-percent cutback. It would be somewhat less than that.

Mr. **Matsui**. And were there any other sanctions against that person?

Mr. **Rosenzweig**. No; I mean, that is the provision, in accordance with Federal regulations.

Mr. **Matsui**. In other words, you just don't cut them off altogether and just say OK that is it?

Mr. **Rosenzweig**. No; they have an opportunity to come in, request a conference, and discuss the situation and if they are not satisfied with the results they can request a fair hearing and they are able to continue until the fair hearing result is completed.

Mr. **Solomon**. The same situation exists, I suspect, nationwide. The same situation exists in South Carolina. I think that the major difference, if there is a difference, would be that we emphasize the positive approach rather than emphasizing we are going to sanction you if you don't work.

Mr. **Matsui**. Obviously there are shades of different programs, but I think the general thrust—and it is a shame because we have got a lot of work ahead of us; you do in your respective cities and states, and we have in Washington. And I hope we don't get hung up on some differences that are not necessarily meaningful, because I think we have opportunities to do something very creative in the next few years, and I hope we don't get hung up on a matter that may not be so significant in the long run.

I think what you are all trying to do and what the E.T. Program has done, what we are trying to do in California, my State, is to create a system where we give incentives to people. I don't want to get hung up on minority points. I mean, you all have your own way of handling these programs, but the major thrust is that you are trying to create opportunities for people on welfare, and I think that is the positive aspect that all of us should be walking away with.

I don't want you to walk out of here saying North Carolina has one system and New York City has another and therefore we are going to have to fight this battle between us, a philosophical battle. I don't see that. I see a real understanding of wanting to move ahead. I hope that is the way you all see it as well.

Mr. **Rosenzweig**. I think it is only an issue of how you get there. Whether you mandate participation in a work experience program or not I think is a matter of the philosophy you have about what is most effective for the program, and we can both move ahead trying to help people, which is our bottom line objective in each case. And in one case you have a voluntary program, another one a mandatory. I think situations differ in different places and what is needed in different places, so I would support the recommendation.

Let's do what we are doing. Under the current regulations we can do what we need to do. He can do what he needs to do. We can use some additional support. But I don't see the current legislation is in the way in any way. I think we can use additional help, but it is not in the way.

Mr. **Solomon**. I would agree with that statement. There is a mandatory work provision in our bill. The thing that is not in our bill is that if you are mandated to work and don't work, then you do public assistance work. But there is a mandatory work provision in the bill, with the same sanctions that have been described.

Mr. **Matsui**. I have no further questions.

Mr. **Campbell**. The same percentage cutbacks?

Mr. **Solomon**. Yes, sir; it is Federal regulations.

Mr. **Rosenzweig**. Like the WIN Program.

Mr. **Matsui**. I would like to thank both of you gentlemen for being here today and helping us in our deliberations. Thank you.

At this time I would like to call Morton H. Sklar, Kevin Aslanian, and Adele Blong. We are going to call Morton Sklar to testify first. Do you have a plane to catch?

Mr. **Sklar**. No, I have a class to teach.

STATEMENT OF MORTON H. SKLAR, GARRETT PARK, MD, FORMER DIRECTOR, JOBS WATCH

Mr. **Sklar**. My name is Morton Sklar. I am former director of Jobs Watch in Washington, DC, and probably most important for this committee, I have worked very closely with a large number of community organizations and welfare rights groups throughout the country dealing with workfare, job training, and youth unemployment questions. I regret that I have barely 1 or 2 minutes to give oral testimony, because I do have to leave for my class, which was supposed to start at 4. But you do have my written testimony.

I would like to make one or two points to try to pinpoint the major issues that I think need to he addressed here. I think the crux of the problem that I heard in the earlier discussions relates to the question of what kind of effort the Federal Government and the State governments need to make to deal with the needs of recipients of welfare assistance.

If the response to that question is to establish mandatory work requirements in the public service sector—workfare—and to establish mandatory academic participation requirements, then you end up with very, very little in terms of real change for the people involved. School dropouts are not going to be encouraged to get an academic background by being mandated to do so. The programs that have to be adopted should be earmarked for the special needs that unemployed youth and school dropouts have, and that is not going to be done through a mandatory process of the type that has been described here in these hearings.

If you look at the experiences with the Job Training Partnership Act Program, and at the youth unemployment programs that exist right now in Virginia, where I am working very extensively, you will see the reasons why the States are not doing an effective job training youth and welfare recipients. The reason they are not, and the crux of the problem with the direction that the testimony has taken thus far today, is that the concern that more effective training just costs too much. If you are going to devote the time and the amount of effort that it takes to develop a legitimate and serious youth unemployment program, not one that is just establishing a mandatory attendance requirement, and one that kids are going to quickly lose interest in, then there has to be some reasonable funding to back it up. That is not present in the existing level of funding for JTPA, or for WIN, or for any other source of Federal or State programs that exist right now.

The alternative, and the one that I would press on you very, very strongly, is to get away from the mandatory requirements that end up displacing workers that are already employed. It was the displacement problem that troubled me most about the testimony that was given by the witness from New York. All the positions that he cited that workfare people had been placed in were civil service jobs. What those 10,000 or 16,000 welfare participants are doing is displacing civil service people, and putting them on the unemployment rolls.

In Lackawanna, NY, there were several sanitation workers that were laid off from their jobs. A month or two later they found themselves on welfare, and participating as mandatory participants in a workfare program that put them back on the streets in those same garbage trucks, doing exactly what they were doing before, without pay. That is the typical problem of what happens under a mandatory Work Experience Program that is more appropriately called workfare.

What I would propose as an alternative to you, and I have summarized in my testimony, is to use JTPA assistance not for the way it is being used now, to serve the people that are job ready, but to use it for long-term welfare recipients in substantial programs of academic remediation and training that are geared to their specific needs. A second approach would be to open up the UI [unemployment insurance] program. I know that that the addition of some form of training component is being considered as part of the proposals now before Congress relating to reform of the UI system.

I would support the addition of a guaranteed training component under UI. That training component would allow for guaranteed training, as well as a guaranteed income, for those who have lost their jobs. And most important—something that is not usually mentioned in the proposals that I have heard—for UI reform—long-term welfare people should be included as part of that UI pool for training purposes.

Even though they haven't contributed to the UI fund up until that point, as soon as they get jobs they will be able to begin contributing. In that way the provision of training under UI becomes a self-generating and self-supporting system that the Federal Government doesn't have to provide additional funding for.

I regret that I cannot stay, that I do have to go to the class that I teach, but I do hope that there is an opportunity for other occasions to talk about these issues.

A final point that I would mention is that there are a good number of local community people who have had direct experience with welfare to work programs but have not had an opportunity to testify or to be present at these hearings. I really do hope that future hearings will include people like Jenifer Henderson from North Carolina, Eve Brooks from New York, Ray Rosario from New York, Mary Griswold from Milwaukee, and several other local people who have had concrete, direct experiences with workfare and other kinds of job training programs, so that you will receive the benefit of what they have learned first hand.

Thank you very much for the opportunity to be here, and I do apologize for having to leave early.

Chairman FORD. Thank you very much.

[The statement of Mr. Sklar follows:]

TESTIMONY

ON

WORK, EDUCATION AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

by

MORTON H. SKLAR
FORMER DIRECTOR, JOBS WATCH

Before the

Subcommittee on Public Assistance and
Unemployment Compensation
Committee on Ways and Means

April 22, 1986

Address
Box 568
Garrett Park, MD 20896

Telephone
(301) 946-4649

Members of the Committee:

My name is Morton Sklar. Since 1978 I have served as Legal Counsel, and Director, of Jobs Watch, a public interest project providing information, clearinghouse, and support services on a variety of issues related to unemployment, with a special emphasis on job training and welfare to work activities. While at Jobs Watch I prepared and published in 1983 the first national survey examining how extensively and in what form the states and localities were attaching workfare requirements to the receipt of welfare benefits. I served as legal counsel on two major lawsuits involving workfare, one of which, the Milwaukee County case, produced a finding by the U.S. Seventh Circuit of Appeals that a workfare program had unlawfully displaced regular civil service workers, and had failed to provide workfare participants with a fair and reasonable wage for the work they were required to perform.

Since Jobs Watch lost its funding in August of 1985, I have been continuing to work, on an independent basis, directly with a number of communities involved with the adoption and/or implementation of workfare programs, including California, where the statewide Greater Avenues for Independence (GAIN) program was recently adopted, and New York, where a statewide workfare requirement has been proposed and is now before the legislature. I also have been conducting a statewide evaluation of job training programs generally in the state of Virginia, with the final report due out in June.

Because of the recommendations that I am about to make in this testimony, it is important to stress that the analytical and on-site field work that forms the basis for my assessment is not restricted to workfare. It has covered a broad variety of program policies and initiatives designed to assist welfare recipients and others dealing with longer-term joblessness become gainfully employed.

With this broader perspective in mind, one of the most important suggestions that I can make, and the one overriding thought that I would hope this testimony leaves you with, is that the debate over federal welfare-to-work policy should not be put simply in terms of whether to require or encourage the application of workfare requirements to the receipt of welfare (and food stamp) benefits. Workfare should not be the focus of federal policy. I would hope, when the Congress completes its examination of recent experiences with workfare, and has had a chance to review several other welfare to work policy options that have proven far more effective, that they will see that the choice does not boil down to workfare on one hand, or welfare dependency on the other. There are several viable policy and program alternatives that are far more effectively geared to improving the job holding potential of welfare recipients than workfare.

It would be self-defeating, unduly expensive and contradictory to the lessons we have learned about job training in the past few years for Congress to in any way encourage or facilitate the adoption of workfare by states and localities. The goal of Congressional policy and action on the welfare to work issue would be more profitably directed towards encouraging job training approaches that experience has shown to be more effectively directed towards reducing welfare dependency and improving the job holding ability of recipients.

1. What Workfare Is and Isn't

To understand why my principal recommendation is to support policy options other than workfare it is important to see what workfare is (and seeks to do), and what its virtues and deficiencies are in comparison with alternative approaches.

In essence, workfare is similar to the public service jobs type of approach that Congress became disenchanted with in the old Comprehensive Employment and Training Act (CETA) program, and deleted under the current Job Training Partnership Act (JTPA) system. But workfare is far less than CETA's public service employment (PSE) effort, since PSE represented paid, full-time (though temporary) jobs with all of the status and benefits of regular civil service employment. Workfare assignments tend to be in lesser skilled positions, and more sporadic in nature than PSE, since the tasks and hours assigned vary for each participant. How can it be that the more legitimate type of work and on-the-job training experiences of PSE are seen as totally discredited by Congress on the one hand, while the much less substantial public service assignments of workfare are now being considered a viable training approach for welfare recipients?

The other aspect of what workfare is and is not that must be borne in mind is that it is not a training program. With an expenditure of less than $600 on average per participant, it is not really intended to deal, nor can it deal, with any of the job skill or academic deficiencies that force people to be on welfare instead of in the labor market. To that extent, workfare seems primarily designed to serve as a penalty or discouragement to the receipt of assistance benefits rather than a way to promote eligibility.

Much has been made of the fact that a goodly proportion of workfare participants report (in the recent Manpower Demonstration Research Corp. survey and elsewhere) a generally positive feeling about their experience. This has more to do with the strong motivation for, and interest in work that the vast majority of welfare recipients already have, than the ability of workfare to stimulate a work ethic.

The assumption that the only thing that keeps welfare recipients on the rolls is a lack of motivation to work is a gross misconception. Half of recipients (and an even higher proportion of the employable recipients that workfare would apply to) find jobs and leave welfare in their own right after a relatively brief stay in the program. The remainder of employable recipients, who make up only approximately 7% of all those receiving welfare, remain in the program for longer than two year stints. But this is the group that is least likely to benefit from workfare, or be motivated by the experience, since they face the types of more serious academic and skill deficiencies that are not affected or improved by short-term work assignments.

2. Workfare Does Not Save Money

Another misconception about what workfare is and is not that needs to be addressed is the widespread assumption that the program saves money. Recent experiences with workfare in state after state prove the contrary -- that in fact the program costs substantially more than it saves through reduced welfare payments.

State agency audits found:

-- in Georgia, that "savings from non-participation and employment" were exceeded by nearly 5 to 1 (copy attached to testimony).

-- In Florida, that "from the government/taxpayer's perspective, for every dollar spent, only 16 cents was returned, a net loss of 84 cents." (copy attached)

-- in Connecticut, that "the program produced direct costs to the state of $6,884,625 . . . and a savings of $1,871,216" for a greater than 3 to 1 cost over savings ratio (copy attached).

These findings are typical of the independent and government sponsored evaluations of workfare. The promise that proponents of workfare hold out for easy savings through reduced welfare rolls does not generally pan out in practice. This is partly because of the relatively high costs of administering the program, and in part because workfare does not result in long-lasting job placements -- only temporary benefit terminations, or the revolving door of welfare to dead-end job and back to welfare again.

The one study that seems to hold more of a promise for some beneficial effects from workfare is the evaluation conducted by the Manpower Demonstration Research Corporation (MDRC), some of whose initial results were recently summarized in a report written by MDRC's vice-president Judith Gueron. MDRC took an in-depth look at demonstration welfare to work programs in several states, including Arkansas, California, Maryland, Virginia, and West Virginia.

MDRC reported employment gains among participants in two of the more effective programs (San Diego and Baltimore) of from 3 to 8 percentage points relative to other welfare recipients, and a favorable benefits over costs result of from $100 to $2,000 per participant over a five year period. These results seem at variance with my earlier conclusion of workfare being a costly and ineffective program. But MDRC pointed to some important provisos in making their findings. One was that the Baltimore and San Diego programs in particular were not straight workfare. In Baltimore's program, especially, a wide mix of remediation and training activities was added to the workfare component. So it would not be fair to characterize MDRC's favorable findings as applying to workfare in general.

Along the same lines, the MDRC demonstrations were of limited scope in terms of the number of participants. They cautioned readers that it would be unfair and inaccurate to assume that every jurisdiction that attempted a workfare program for larger segments of the welfare population would obtain similar results. MDRC warned that their findings "should not be used to draw conclusions about the quality of programs -- or the reactions of welfare recipients -- if workfare-type requirements are implemented on a larger scale, are differently designed, or are of longer duration."

Further evidence of the desirability of treating MDRC's findings with caution is the fact that in the program that MDRC viewed as producing the most effective results -- San Diego's -- earlier findings suggested that cost benefits and employment gains were attributable mostly to other aspects of the San Diego program than workfare.

In sum, it is unlikely that the positive gains that MDRC identified in its best demonstration programs can be duplicated on much larger scale operations, especially when implemented by jurisdictions that do not offer the additional funding and program support elements that were featured in its model experiments. More telling in the debate over the value of straight workfare programs are the preponderantly negative results achieved by every other state where the approach was attempted and evaluated.

3. Workfare Threatens Existing Civil Service Jobs

One of the aspects of the workfare debate that has always irritated, and amused me at the same time, is the claim of supporters of the program that it does not feature make-work assignments, but rather provides valuable work experiences that benefit participant and society alike. What is troubling about this claim is that if it is true then almost by definition we are talking about workfare recipients performing -- for the equivalent of the minimum wage -- the very same tasks that would otherwise be performed by civil service employees at higher wage rates. What this means is that we would be replacing salaried workers with unsalaried workfare recipients.

This perhaps would produce some savings to the government, but it would strike at the heart of the notion that workfare is designed to promote employment and the work ethic. Instead, to the extent that this type of worker displacement occurs, workfare would cause or promote continued unemployment, and undercut the principle of pay being commensurate with the work performed and prevailing wage rates.

And in fact, we have very concrete evidence that this is exactly what is occurring under workfare. Last August, the U.S. Seventh Circuit Court of Appeals, in the Milwaukee County case, issued the nation's first court finding that a workfare program was illegally displacing civil service personnel, and had failed to pay workfare participants the full and fair value of their work by not meeting prevailing wage requirements. In Lackawana, New York, a similar case has been filed because several city sanitation workers were laid off, and then found themselves assigned to do the very same work as workfare participants, at a lower rate of pay.

Proponents of workfare are fond of claiming that the displacement of workers really is not a problem because there is language in most workfare program statutes prohibiting this result. But the existence of statutory standards does not mean that the prohibited conduct is not taking place, especially when the burden of monitoring the problem and bringing the complicated litigation falls to welfare recipients, and when the temptation for governments to cut corners and costs by using a cheaper workforce is so great. As the attorney who handled the successful Milwaukee County case, I can tell you first hand that even when there is an obvious situation of illegal displacement taking place, it is a difficult matter to prove because the government will always claim that budgetary limits rather than the easy availability of workfare labor was the reason for layoffs in civil service personnel.

The statutory prohibition against displacement, however well drafted, is a difficult tool to use. The only real protection against the practice is to deny the use of, or strictly limit the amount of workfare, because displacement, or the refusal to rehire previously laid off personnel, is almost an inevitable consequence of making a low paid alternative workforce available to government agencies.

If you take a look at a recent report issued by the American Federation of State, County and Municipal Employees Union in New York State (attached), you will see why displacement is almost an inevitable companion of workfare. Their survey of workfare assignments in the state found participants performing virtually the same tasks as regular employees, with exactly the same job titles, except that the word "assistant" was added. The Milwaukee County and Lackawana cases are not aberations. (N.Y. report attached).

4. Recent Lessons From Experience

It is because of the problems and limits of workfare that states and local jurisdictions have begun to move away from the straight workfare model, and to favor a wider and more effective mix of program approaches. California, Massachusetts and New York are probably the best cases in point. This summer the California legislature rejected their governor's proposed workfare package, substituting what they call GAIN, the Greater Avenues for Independence program. GAIN includes workfare assignments (called pre-employment preparation) as part of a much broader system of more legitimate training activities, but the California Department of Social Services estimated in their legislative material that no more than 15% of participants in GAIN would be assigned to workfare.

Instead, recognizing that the underlying problem relates to academic and job skill deficiencies, they guaranteed academic remediation as the very first activity for every participant that has literacy deficiencies (estimated at 50% of recipients), allowed recipients to enter and complete education and training programs, and made available more effective training components, such as supported work.

The Massachusetts CHOICES program follows the same pattern. An early effort to adopt a statewide workfare program was rejected and replaced with a comprehensive system of training and supportive services. Participants play a major role in determining the most suitable component to fit their needs in order to foster their own commitment to make the program work effectively.

Just this past month, the New York State legislature also rejected Governor Cuomo's proposal to make a straight workfare program a part of the fiscal 1987 budget package, and are likely to adopt a more comprehensive training system along the lines of GAIN later this spring.

The two critical common elements in these experiences is that in all three states:

-- a straight workfare proposal was rejected, and

-- each state made a commitment to a more effective investment in the employment potential of welfare recipients by stressing more legitimate remediation and training efforts, and by backing up this choice with additional state funding to make the remediation activities and necessary supportive services more meaningful.

Let us hope that their message reaches Congress and federal level decisionmakers. To phrase the policy debate as a choice between welfare and workfare is to ignore the benefits of what we have learned about the deficiencies of workfare, and to fly in the face of the clear direction that states are moving towards by their own choice.

5. What Are the Alternatives -- What Can Congress and the Federal Government Do?

Given the strong popular sentiment against welfare costs, and the strict budgetary constraints we are facing, it is not enough for a federal welfare to work policy to be based on a rejection of the workfare approach. What direction should be taken?

The two models that have shown themselves to be most effective are the supported work program, and the comprehensive training and services approach of the type embodied in the California GAIN and Massachusetts CHOICES programs.

The Supported Work approach was applied on a demonstration basis by MDRC in 1975-1978 in 15 sites. The program was found to be "most effective in preparing for employment a substantial number of women who have been on welfare (AFDC) for many years." Recipients had to have been on welfare for at least 30 of the previous 36 months in order to participate. Their average stay on welfare was 8.5 years. This was clearly the most difficult category of recipients to assist.

After an average of 9.5 months of comprehensive remediation and training assistance, costing approximately $7,000 per participant, the program produced substantial employment and income gains for these long-term welfare mothers. Most important, these results produced long-term net savings to the government of between $3 and $10 thousand per participant.

In other words, if one of the principal purposes of welfare reform is to cut welfare costs, the best way to do it, and the most lasting, is to make a more substantial investment in terms of both time and money. These investments will far more than pay for themselves.

In essence, that is also the principle underlying the GAIN and CHOICE programs. California added $137 million to provide for effective child care services for participants. Massachusetts added $5.8 million earmarked for supported work program assignments, and $18 million more for other training options. California mandated remedial education for every participant needing it, and Massachusetts allocated $2.7 million for a similar purpose.

All these are evidence of the growing recognition that an investment in time and funding is the proper and more effective approach to the employment promotion aspects of welfare reform.

It would be a great shame to see a federal policy that discourages this approach and looks instead to shortcut methods for cutting the welfare rolls, such as workfare. What federal policy should do is to:

1. encourage the type of state discretion that produced the GAIN and CHOICES program, without imposing mandatory workfare requirements;

2. provide financial support and incentives for states that can show above average employment gains for welfare recipients (and especially for long-term recipients); and

3. encourage the use of the most effective program approaches such as supported work and remedial education.

Of course, the most appropriate question, and one that is close to the top of Congress' concerns, is where the funding for this policy of encouraging longer-term remediation is going to come from. I would suggest two sources.

One, which will probably be viewed as somewhat surprising is the Job Partnership Training Act. What we are learning about JTPA from independent assessments such as the Grinker-Walker study is that, contrary to Reagan Administration claims, the program is not working effectively. At current funding levels, only 3% of eligible unemployed people can participate in JTPA. That fact, plus the strong pressures of the program to produce fast placements at very low cost and in very brief periods of time, have led to creaming -- the provision of assistance to those who need service least, and who are already in the best position to find work. This result is a direct contradiction of the stated goal of the program to serve those most in need of employment assistance.

Contractor after contractor, service delivery area official after service delivery area official, private industry council member after private industry council member in Virginia (where I have been working most closely) and elsewhere, all convey the same message -- the makeup of the current JTPA program discourages service to the more long-term unemployed, and forces us to concentrate relatively short-term and low-cost efforts on those who are largely job-ready in their own right.

It's true that JTPA produces good participation statistics and good placement rates. But these figures belie the true contribution (or lack of contribution) of the program. Its fast-in and fast-out high volume approach cannot hope to deal with job training needs in a realistic and meaningful way.

I would suggest taking JTPA's funding and remodeling the program to target exclusively on the harder to employ, such as long-term welfare recipients. This would mean reversing JTPA's present orientation by keying the indicators of the program's performance to successful placements of those needing more substantial forms of assistance, rather than those needing only fast-in and fast-out service.

A second funding source that deserves exploration is a revised version of the Unemployment Insurance (UI) program. Roger Vaughn, former assistant director of New York State's employment and training office, was one of the first to suggest using UI as a basis for self-supported, guaranteed training (or retraining) for dislocated workers and others needing this assistance. The virtue of this approach is that it would make training part of a self-insurance system financed primarily by employers and employees themselves, rather than a governmental benefit program that might attach the stigma of a grant-in-aid to the receipt of benefits. There is a great deal of logic in linking training to a system designed to provide for the temporary needs of the unemployed.

What makes Vaughn's proposal different from similar ones that would add training insurance to UI is his suggestion that long-term unemployed people such as welfare recipients, including those that have been unable to contribute to the training fund because they have been jobless, would also be able to draw on these resources for training purposes. This makes sense because once employed, these recipients would then become paying participants in the UI training fund.

There is one other funding source that also should be mentioned. Employed welfare recipients become taxpayers instead of tax users. Our initial investment in improving their employment potential will be returned several fold through tax payments they will make.

6. Summary

Summarizing my recommendations to you:

1. The debate over federal welfare-to-work policy should not be put simply in terms of whether and to what extent a workfare requirement should be attached to benefits. Congress should be supporting and seeking to encourage the adoption of policies and programs that are far more effective than workfare in helping welfare recipients become employed on a long-term basis. Workfare is the least effective and probably the most costly (measured in terms of long-term effects) approach.

2. There is not one program or policy approach that is best suited to assist every welfare recipient find work. The fifty percent of welfare recipients who currently find work and leave the program in a short time need little more than job search and referral assistance. Recipients who are long-term unemployed need the type of academic and skill training designed to deal with the barriers that keep them from being considered employable. Few in either category receive any benefits from the type of unpaid public service work experience that workfare represents.

3. What you put in, you get out. You can't expect to produce positive change in the hard-core unemployed with quick, low

investment approaches such as workfare. A person with literacy problems can't be made employable with a 6 to 8 week stint in workfare, or in a low-cost job training program costing $600 per participant. The long-term cost of doing little or nothing to change recipients' basic employability profiles is far greater than making an initial investment in human capital that is designed to improve employability on a more lasting basis. Proven programs such as Supported Work and others that deal with the core issues of academic and job skill deficiencies that keep welfare recipients from becoming employed deserve to be the focus of national welfare-to-work policies.

4. Among the sources of funding that should be considered to support a more effective federal training effort for welfare recipients are:

-- a revamped Job Training Partnership Act program that focuses assistance more carefully on the hardest to employ, and encourages (rather than discourages as is presently the case) the type of longer-term remediation that makes the most effective difference in the employability of welfare recipients; and

-- an expanded Unemployment Insurance (UI) program that adds a training support component, and makes it available (through UI's joint employer/employee contribution system) to all long-term unemployed or dislocated workers.

I appreciate being given this opportunity to participate in Congress' consideration of welfare reform policy needs, and would be pleased to continue to work with you in any way that you would find useful.

Report To The General Assembly
On The
Mandatory Work, Education, And Training Program
For Employable Recipients Of General Assistance

May 1, 1984

Stephen B. Heintz, Commissioner

Connecticut Department Of Income Maintenance

1983 a monthly average of 5,591 recipients participated in all sites across the state. Average monthly hours worked totaled 341,346.50 or 61.1 hours per participant per month. At the minimum wage of $3.37 per hour, a conservative figure, the equivalent value of these hours was $1,150,337 per month to the work sites.

From January 1, 1983 through December 31, 1983 a monthly average of 3,249 recipients worked in town sites and 789 in state sites. In addition to work assignments within town and state government, a number of non-profit agencies utilized General Assistance recipients. A monthly average of 1,553 General Assistance recipients were assigned to non-profit agencies. Estimated average monthly hours worked totaled 198,322 in town sites, 48,130 in state sites, and 94,894 in non-profit sites. The monthly equivalent value of these hours, calculated at the minimum wage, was $668,346 in town sites, $162,197 in state sites and $319,793 in non-profit sites. Thus, the towns received the primary benefit of the work performed by these recipients. The total number of hours worked in all sites through December 31, 1983 was 4,096,158. The equivalent value of all work, calculated at the minimum wage, was $13,804,053.

Comparable yearly estimates for the twenty largest towns (with complete reporting) for all sites are:

	Town	% of General Assistance Statewide Caseload		Hours Worked	Rate	Dollar Value
1.	Hartford	29.3		1,253,937.00	4.00	$5,015,748.00
2.	Bridgeport	17.0		1,018,648.31	3.40	3,463,404.25
3.	New Haven	13.8	66.1	95,932.08	3.37/5.00	535,279.98
4.	Waterbury	10.0	76.1	362,168.85	3.37	1,220,509.02
5.	Norwich	3.1		111,640.25	3.50	390,740.88
6.	Stamford	2.2		81,874.25	3.37	275,916.22
7.	New Britain	1.8		79,951.00	3.50	279,828.50

for non-compliance by recipients resulted in an estimated 10,466 suspensions from General Assistance for refusal or failure to participate in the program during the year. The total number of suspensions multiplied by the average monthly grant of $179 per case for single cases amounted to a savings of $1,871,216 (assuming 30 day suspensions). A monthly average of 872 recipients were suspended for refusing or wilfully failing to participate. The average length of stay per eligibility period on General Assistance is estimated at 8.5 months.

During 1983 732 recipients (7% of those suspended) agreed to work during their suspension period. They were paid at the end of each week's work only if they completed their assignments.

Of the 10,466 suspensions during 1983, 6,907 (66%) were for 30 days, 2,407 (23%) were for 60 days and 1,151 (11%) were for 90 days.

SUMMARY

During the third year of implementation, the goal of placing two-thirds of employable recipients in work, education or training programs is being achieved by all of the towns. For the period January 1, 1983 to December 31, 1983 a monthly average of 5,591 recipients participated in work programs, a monthly average of 688 recipients participated in training programs, a monthly average of 226 recipients participated in education programs and a monthly average of 1 recipient participated in rehabilitation programs.

The program produced direct costs to the state of $6,884,625 including $2,968,900 in administrative reimbursements, $1,877,660 in incentive grants and $2,038,065 in additional reimbursements at the 100% rate rather than the 90% rate. Implementation of a penalty for non-participation of recipients produced a savings of $1,871,216 and denial of reimbursement to towns for non-compliance produced a savings of $704,145 for a net state cost of $4,309,264.

James G. Ledbetter, Ph.D / Commissioner
Georgia Department of Human Resources
878 Peachtree Street, N.E. / Atlanta, Georgia 30309

ATTACHED IS THE PRELIMINARY REPORT OF THE PILOT COMMUNITY WORK EXPERIENCE PROGRAM'S FIRST TWELVE MONTHS OF ACTIVITY. A MORE EXTENSIVE REPORT IS BEING PREPARED FOR DISTRIBUTION TO THE GEORGIA GENERAL ASSEMBLY AND WILL BE AVAILABLE AT A LATER DATE.

8/1/82 - 7/30/83

were formed to assist local projects in resource development and program operation. Councils have served as a mechanism for input from the community into the development and operation of local projects.

Participation

As of July 30, 1983, we had 280 participants registered with the program; 277 registrants were mandatory and 3 were volunteers. The program registered 457 clients during the twelve month period and had a total of 177 deregistrations. Deregistrations occured because of mental or physical incapacity, employment,and changes in participants' AFDC eligibility status.

Even though some clients expressed negative feelings about mandatory program participation only five (5) refused to register and five (5) were removed from their grants for failing to participate after registration. Three (3) of these are now included in their grants and are meeting AFDC registration requirements.

Due to lack of staff time to develop resources and lack of child care and transportation resources, all clients were not placed on worksites. During the month of January which had the highest level of worksite participation, only 44% of the CWEP registrant population spent time on a worksite.

Worksites and Sponsors

Sponsors are non-profit private or public agencies who provide work experience for CWEP participants. Work assignments were developed with a variety of local agencies and the sponsors as well as work assignments varied from county to county depending on local resource availability and need.

Some examples of placements made are as follows:

Military Recruiters - Receptionist/Clerical
School System - Teacher's Aide, Janitorial/Custodial Workers, Clerical Aides, Lunchroom Aides
Head Start Program - Teacher Aides
Senior Citizen Program - Recreation Aides
Retardation Centers - Activity Aides, Kitchen Helpers
D.F.C.S. - File Clerk, Community Workers
City and County Government - Clerical Aides, Library Aides, Custodial Aides, Prison Watchman
Community Action Agency - Recreation Aides
Civil Defense - Clerical Aides
Arts Center (County) - Activity Aides
Health Department - Custodial Aides
Agriculture Extension Service - Receptionist
Ministerial Association - Clothes Bank Supervisor

secretaries, lunchroom workers, and a laborer. Others entering employment independent of program sponsors are involved in a wide range of activity including factory work, farm work, custodial work, and clerical work.

Of the 106 entering employment, 52 went off the welfare roles and [illegible] were still off AFDC at the end of the twelve month period. There was no control group of "non CWEP" participants to compare this rate of entry into employment. Consequently, it is not possible to draw any conclusions about the impact of this program on entry into employment.

Unsubsidized Job Development

Counties involved in the project did not have adequate time to devote to unsubsidized job development. Group job seeking skills activity was encouraged but due to lack of staff resources, this activity was only provided at minimal levels in Hart, Cook and Bleckley counties. Client response to limited involvement in the group activity was positive.

Linkages

Counties participating in the project developed linkages with other service providers in order to carry out program objectives. The level and extent of cooperation varied from site to site. In addition to the agencies providing work experience slots for participants we had Department of Labor staff involvement in the District 2 project area. Department of Labor staff became involved in the testing, assessing and placement of participants on worksites. Staff was also involved in the provision of job orientation to participants.

In Hart County, Rehabilitation Services assisted in obtaining medical and psychological information on participants thought inappropriate for the program but for whom there was no medical information on file. Of those assessed by Rehabilitation Services, four were approved for Supplemental Security Income Benefits. Rehabilitation Services was also involved in the Job Seeking skills development activity that Hart County provided to CWEP participants.

Savings and Expenditures

Savings from non-participation and employment totaled $44,934.00. Project expense and staff cost totaled $202,188.10 for the project year. The project expense includes child care and transportation cost, as well as, other participation related cost.

[redacted]

FLORIDA

AN EVALUATION OF THE
DUVAL COUNTY WORKFARE
PROJECT

E-85-1

- Workfare case file reviews verified that 13 clients obtained employment as a direct result of the Workfare Program.

Was the Workfare Program cost-beneficial?

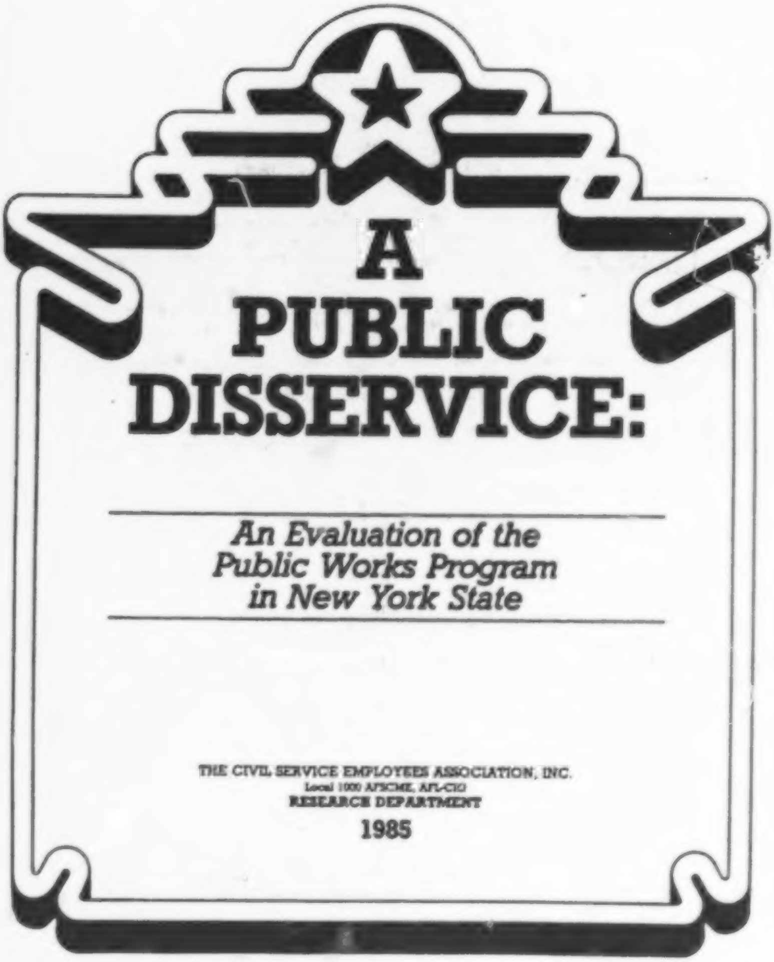
- Total direct costs amounted to $159,872.
- From the government/taxpayer's perspective, for every dollar spent, only 16 cents was returned, a net loss of 84 cents.
- From the perspective of government/taxpayer, work site employer, and Workfare participant, for every dollar spent, only 71 cents was returned, a net loss of 29 cents.
- Work site employers received $74,591 in benefits from the work performed by Workfare participants.
- Legal actions forcing the suspension of sanctioning Workfare clients for non-compliance produced notable decreases in the program's benefits.

How did the Workfare Program affect food stamp program activity?

- Findings suggest that Workfare may have deterred former and/or potential food stamp recipients from applying at the food stamp office affiliated with the Workfare Program.
- The Workfare site food stamp office experienced a greater decrease in application and caseload activity during the project period when compared to Duval County and the state as a whole.

What were the opinions of the Workfare Program held by clients?

- 56 percent felt that the program was essentially fair.
- 71 percent felt better about receiving food stamps having worked for them.
- 61 percent felt a part of the agency to which they were assigned to work.
- 52 percent of those clients not participating obtained employment prior to their Workfare assignment.
- 41 percent learned new job skills at the work site.



A PUBLIC DISSERVICE:

An Evaluation of the Public Works Program in New York State

THE CIVIL SERVICE EMPLOYEES ASSOCIATION, INC.
Local 1000 AFSCME, AFL-CIO
RESEARCH DEPARTMENT
1985

EXECUTIVE SUMMARY

> *"The first element of New York State's strategy for mastering its economic future is the work force, the men and women who determine what we can do, and how well we can do it. Government has the responsibility to develop these 'human resources' — the researchers, scientists, engineers, entrepreneurs, craftsmen, technicians, agronomists, the highly-skilled and trained workers and managers who will reshape our economy."*
>
> — Governor Mario M. Cuomo[1]

New York State has long recognized the important role a well-educated citizenry plays in fostering a healthy economy. Under the leadership of Governor Mario M. Cuomo even greater emphasis is being placed on developing the educational foundations and job skills necessary to compete in the evolving technological-based economy. So important is a skilled work force to the State's economic future that it has become a critical component of the Governor's industrial revitalization efforts.

In recent months, the Civil Service Employees Association (CSEA), New York's largest public employee union, has been reviewing federal and state employment training programs in order to assess their effectiveness in light of the State's ecomonic needs and to determine impact of these programs on our membership. Of particular concern to CSEA was the state-mandated Public Work Program (PWP) which requires Home Relief public assistance recipients to earn their welfare checks by working in public and non-profit and agencies. In theory, Public Work Program participants will learn the job skills and work habits necessary to secure unsubsidized employment.

However, CSEA members reported that the Public Work Program participants assigned to their worksites did not develop skills or improve attitudes.

To evaluate the Public Work Program, CSEA used three guidelines developed to examine the effectiveness of all employment training programs. The principles included:

1) Employment training programs should develop the job skills necessary to transition into unsubsidized employment at a wage sufficient for self-support;
2) Employment training programs should be cost-effective;
3) Employment training programs should not interfere with the efficient, effective operation of government services nor compromise the merit and fitness principles of the Civil Service System.

Throughout the summer and fall of 1984, CSEA visted PWP work sites, spoke with program participants, met with on-site PWP supervisors, discussed the program with State and County program administrators, and reviewed pertinent literature. Among the findings included:

°The Public Work Program is not cost-effective. Local governments must spend nearly $2 on administrative costs for each $1 they save.

°Public Work Program participants generally do not receive job skills training. As a result, only 3% are able to find unsubsidized employment as a result of the experience. This is a dismally low placement rate in comparison with other employment training programs.

- The Public Work Program does interfere with operations at work sites by reducing the productivity, by placing the public and employees in danger, and by reducing job opportunities.

In light of the State's economic development goals, the Public Work Program is not an effective or appropriate strategy. It is a very expensive program in which PWP participants do not develop job skills and cannot find a job as a result of the experience. The Civil Service Employees Association recommends that the Public Work Program be abolished and replaced with a far more effective program which could develop under Job Training Partnership Act Program (JTPA).

Chairman FORD. Ms. Blong.

STATEMENT OF ADELE M. BLONG, ASSOCIATE DIRECTOR, CENTER ON SOCIAL WELFARE POLICY AND LAW

Ms. BLONG. Let me start with a semiapology. I had hoped today to be able to share with the subcommittee the results of our review of some of the pending legislation and some of the ongoing work programs. Unfortunately, we were not able to complete it in time. I do hope that I might submit it at a later date, and I would be happy to discuss any of it with anyone who is interested.

I think it is probably always useful to indicate one's bias or whatever up front. The center is an organization that specializes in cash public assistance programs, and provides representation principally with legal services programs around the country to people who are seeking or receiving cash public assistance programs that encounter problems in that area.

Over the years, the center has worked directly with these individual clients and also with numbers of client organizations. While I would not claim that the testimony that I present today or the views in my written statement are specifically the views of a particular client or particular client organization, I certainly hope that they are views that I and others at the center have reached based on our experience and the way that we have been informed, by working directly with the recipients of the program and experiencing welfare in some measure on a day-to-day basis.

In the testimony I have attempted to briefly discuss a number of key issues that it seems to us will have to be decided to formulate an approach to employment and training programs. They are not the specifics, but basically what one might see as the conceptual framework for the program, the basic choices and decisions that would have to be made. In that regard I have briefly discussed what we see as the basic wrongheadedness of what we have chosen to characterize as the myth that it is welfare that creates dependency and creates the need for public assistance benefits.

In that respect, we have tried to briefly summarize some of the information that is available from attempts to actually do studies and research into the facts rather than to proceed on assumptions. The studies that were done, particularly of adults on welfare, comparing their background as children—and while it is clear that many of the adults who end up receiving welfare benefits did also receive welfare benefits as children, what I think is of far more importance is that what those studies did demonstrate is that an adult who had received welfare in a family as a child is no more likely to end up on welfare than a child who had grown up in a similar low-income situation, where there were no welfare benefits in the home, a child where the parents had been engaged in low-income employment, perhaps a child in some other type of situation.

Clearly, there is a cycle out there, but to us, as we have seen it over the years, it is not the cycle of welfare. It is the cycle of poverty, and the fact that obviously many of the impoverished people of our Nation will be associated with the welfare program, because that is where they must turn for the income and resources to meet their daily living needs. But the cycle that we need to address is how do they break out of the cycle of welfare.

It is somewhat ironic at times to hear a lot of concentration on the issue of becoming independent of welfare, when what is often discussed is the question of whether or not it is possible to replace a family's welfare grant with another check that perhaps will put them a dollar or so above welfare, which does not at all consider are these families truly on the road to a true independence, true self-support, or are we simply cycling people in and out of the welfare program.

For some period of time those will be the people on the outside of the program, while they have that income support. The minute that anything happens to them in terms of their ability to continue the work that brings in that income, any temporary interruption, they are likely to fall back onto welfare.

We also discuss briefly in there the question of teenage pregnancy, teenage parenting, and the rsearch that has been done into the relationship of welfare to that factor. It is obviously an issue that is of great concern to everyone. It is a concern certainly, I know, to many welfare recipients that I know personally, who themselves have teenage daughters. It is not anything that any of us look upon complacently or with some sense that it is not an issue to be addressed, but the question is how.

The studies that have been done show that the availability of welfare is not a factor in the teenage girl's choice as to whether or not to bear her baby or her choice as to whether or not to marry the father of the child, that those decisions are influenced by factors that go far deeper, many times by the girl's own emotional needs.

I was struck before in terms of some of the discussions about compulsion and about pushing that, and the question that was addressed to the gentleman from South Carolina as to whether or not he was suggesting that teenagers should not be pushed into education, into understanding the importance of staying on the road to employment and employment opportunities. I don't think any of us would suggest that they should not be pushed. Really the essential question is, "How do we push them?" How do we push them effectively?

From my own limited experience with teenagers, on a very personal note, I guess I don't know anything that is more calculated to make a teenager resist than attempting to compel and to impose one's will upon them, and clearly we have to push. But we have to push in the far more sophisticated ways of persuasion, of inducement, of exposing the teenager to what is out there, to what is available. In effect, maybe somewhat underhanded, because we are not coming right out front and saying here is where we want you to be, but pushing them in that way.

I think I am also struck—and this is obviously very impressionistic. This is no data, just as one reads the rash of newspaper articles about teenage pregnancy, and the article in this Sunday's Time magazine about what was called survivors and people who overcome obstacles in their life, and in all of those articles the stress and the emphasis that was placed, especially with younger people, on the involvement of an adult, whether that person was a parent, a parent figure, a teacher, someone who became involved and expressed an interest and was willing to keep working at the issue, was willing to put up with the frustration.

I realize that many times in Government programs, this all sounds like pie in the sky, because the idea is how can a government system do this. We want things that we can feed into computers, and we will push the buttons and the answers will come out.

I guess as I look back on close to 25 years of these endeavors now, the one thing that is clear to me is in dealing with poverty, which is a fundamental human problem, and dealing with other human problems, there are no computers. There are no buttons that can be pushed. We are going to have to commit ourselves to programs that will use what human beings understand about other human beings, and the resources that that entails to move forward, and that may mean in the beginning that we can only make small progress, because we will not have enough resources to impact on the total population. But I would submit that it offers us some hope of making some progress, rather than repeating over and over again systems that have been tried in the past and have failed.

I realize it is late and I don't want to run on. I just did want to speak briefly about the broader issue of compulsion and work relief, or the particular aspect of work relief which I think is most troubling to welfare recipients.

One talks about compulsory, as opposed to mandatory, participation. I was struck as I sat back there to think it all sounds so clean up here. I mean, we are sitting in this room. It is clean. The lights are shining. Most of us have never been exposed to the kinds of arbitrary actions that take place in the welfare system, not necessarily because of the malevolence of workers, but in part because like the rest of us, they are people who don't always handle pressures well. They work in a system that by definition imposes incredible pressures.

I don't know how many of us have from time to time been in welfare centers. It is very instructive in terms of understanding what the welfare system is really about, to simply go to the physical sites in which the workers interact with clients, particularly in our older American cities, and one sees very graphically things that people like I and even recipients themselves probably can never explain.

There is a whole system there of chaos, of physical disrepair, of just everything that most of us do not encounter in our daily lives, in terms of systems that we have to deal with.

To draw a parallel, it makes standing in line down here at the DC Motor Vehicle Bureau seem like you are going to a hearing of the Supreme Court. It is about that distinct from what we think about as to how government bureaucracies function.

The workers also obviously are affected by that climate. It is very difficult to work in that kind of physical deprivation every day, dealing with people who have drastic needs and who are calling on you to deal with their needs.

When we talk about a compulsory work requirement, the issue is to some extent akin to the question of due process. Obviously everybody knows that if everyone who was ever arrested was guilty, we wouldn't need due process. Similarly, one could say one looks at the total number of people who are arrested and the probabilities that they committed the crimes they are accused of, and decided should we have due process based on the vast majority or the few, one could conclude that one doesn't need due process requirements, because there are only going to be a few with whom we are going to make a mistake.

Compulsory participation requirements in welfare are that carryover into the welfare system. There may only be a few, but there have got to be a few. There is no way in which we are capable of designing standards to decide who should and should not be involved in employment and training programs that are not going to result in some people ending up in categories that do not fit their particular family needs.

Even if we could design our categories, the categories necessarily will require subjective determinations by workers. There is no way we can avoid the fact that some workers will make mistakes, so the acceptance of compulsory participation necessarily means we are accepting the fact that some children and adults will suffer dire consequences because of mistakes that we are willing to tolerate, knowing that they will necessarily exist.

If one looks simply at the consequences in terms of numbers, when you asked before, Mr. Matsui, about what the sanction was, the gentleman from New York appropriately responded that in most States, though a few States have tried to deny the entire grant, but in most States sanction is a loss of a portion of the grant, and as he put it, you have got a family of five, you now get a grant for four people, and no more than 25 percent.

When one looks at welfare standards, and realizes what it means to be cut by that 25 percent, obviously the family is falling from an unacceptable situation to an intolerable situation, but even there, take a few minutes to play it out. Obviously there are still five people in that household. No matter how good that mother is, she can't give up eating, not totally. She is going to have to eat. She is going to have to continue to partake of what that welfare grant is intended to buy.

Also, while she may, in ways that I have never been able to understand how people can, while she may be able to somehow reshape he food budget to deal with reduced purchasing power, she can't reshape her rent. So whatever rent she was paying when she was getting a grant for five people, she is going to go on paying that rent, and basically where that reduction is going to come out of is the money that that mother has left over after paying her fixed bills, her rent, utilities, her telephone bill if she has a telephone bill, the bills that must be met, that she can't shave. So in the basic day-to-day living and food budget of the family we are talking about far more than a 25-percent reduction.

In addition to that, because of current Federal requirements, this is not a reduction that the mother can cure by saying, "OK, I made a mistake, I should have done it differently," or "I think you people were wrong and I really did have good cause, but now I am going to go back and change my mind." These current Federal requirements require that that sanction be continued for at least 90 days, and in the case of any subsequent offense, sanction must be continued for at least 6 months.

This is the price we pay for imposing compulsion in an area where so far as I have seen in my years of looking at the literature and the research, no one has been able to demonstrate that there is a need to compel people to come forward, to participate in meaningful employment and training opportunities.

Every time a State has established a meaningful program, they have uniformly reported that their problem is oversubscription. They cannot handle the numbers of people who want to participate in the program. So why, when, are we willing to tolerate any risk to anyone, when there is no need for it.

On the question of work relief, the work relief approach that I have found to be of most concern to recipients, and that I want to talk about briefly today, is not the question of work relief as a possible means of providing training or skill advancement to an individual, but the question of using work relief to basically say to a person: "You come out to whatever the job site is," the town garage or, as I saw on television in West Virginia, I guess it was the town garage, and you are going to make baskets for the town, for refuse, et cetera, "and you will work there a certain number of hours and you will continue to work there until we tell you we don't want you anymore," and that is it.

This is not training. It is not advancing the employability skill of the people who are enrolled. It is basically taking the people with the skills as they stand, and saying to those people that "With the skills as you stand, you will do work for us, and for the greater good of the locality in which you live."

Apart from all sorts of issues that that raises about other questions about uncompensated expenses, areas like that, whether or not the family is actually economically well off, I would suggest to you that it raises a far more fundamental issue, which is the question of government establishment of a secondary labor market, and the question of whether or not people in this country, based on their economic status, will have different types of employment opportunities, and whether or not there are people who, because they are impoverished, will be compelled to perform work without the status of employees, and without anything that goes with being an employee.

A little while ago I guess someone referred to this as public service. I would submit that it is a perversion to call this public service. I was a public servant. I worked for the Department of Health, Education and Welfare. My father was a public servant. He worked in the U.S. Post Office when it still was the U.S. Post Office, and he was an employee of the Post Office.

I don't think it is a public service to basically take people and tell them that they will do something for me that I am not willing to pay them for as an individual doing public work.

To apply it just locally, as a taxpayer in the District of Columbia, I don't want to feel that people are doing public jobs in the District of Columbia for my benefit, and are not getting out of that work all of the benefits that should accrue to employment, including status and opportunity for upward mobility, a wage.

The question was also raised about the question what is the difference between getting paid whether you get a welfare check or a wage check. There are obviously some very technical differences, including the fact that as long as your check is a welfare check, the fact that you are "working" for that check does not free you of the obligation to fulfill all the requirements that exist as conditions to continued receipt of the check, so you must be doing everything that every other welfare recipient has to do in order to get a welfare check, although theoretically you are working for this check you are receiving.

In a very strange glitch, even if part of your check is being reimbursed for by child support collections, the amount of hours that you will work in most localities will not take that into account, so you are not only working for your welfare check but you are working for the child support payments that are being collected on the family's behalf. But even more directly than that, I think most people, if they stop and think about it, will understand the very clear difference between getting a check that represents a wage and getting a check that represents a welfare payment, only if the only perceived difference is the difference between having the check come to you and the question of going down to a welfare center and picking up your check, a very graphic illustration of what is the difference between those two kinds of checks.

I think obviously all initiatives that seek to move people toward meaningful employment and training that they are capable of performing and that is appropriate to them is to be endorsed and supported. I think one can never go over this ground without being reminded again and again of all the pitfalls that we have to watch for, and these issues, like compulsion, like sanctions, are basic to what the programs are about and what they accomplish.

When I heard the gentleman from New York refer to the fact that after New York implemented the work requirement 14,000 people dropped off the rolls and therefore that was evidence that—these are not his exact words but the implication I got from it was that was evidence—that these were people who when they were told they had to work must have decided, no, they would rather go do something else, so maybe they didn't need the welfare to begin with.

All I could think back to—I worked in New York before—was some of my own experience in New York, but perhaps more pertinent than that, our own recent experience with monthly reporting, starting with the famous Colorado monthly reporting experiments. The initial results that came out of Colorado about how monthly reporting was leading people to deselect themselves from welfare, showing that they really weren't eligible and that this was proven by the number of families who were sanctioned and dropped off the program for failure to file.

It took us a lot of years, but eventually somebody was willing to sit down and conduct a study of the failure to file cases, and who they were and what had happened to them. And lo and behold, most of those cases were cases that had reentered the welfare system shortly after that, and had been eligible all along, including the time when they failed to file, and in some cases the families didn't think they had been true failures to file.

In other cases there had been slip-ups, there had been problems, people had trouble dealing with the paperwork. But the key point is people were willing to proceed on the assumption that because somebody didn't meet the requirement, they were willfully withdrawing, because they knew they weren't eligible, and we have disproven that time and time again. I would urge this committee, as you go through these hearings and as you go through the development of this issue, let us at least try to put behind us the mistakes of the past.

Mr. MATSUI. Thank you for your testimony.

[The statement of Ms. Blong follows:]

A Discussion of Issues Related To the Development of Employment and Training Opportunities For Recipients Of AFDC

Prepared for presentation before the Subcommittee on Public Assistance and Unemployment Compensation, House Committee on Ways and Means, April 22, 1986

Adele M. Blong
Center on Social Welfare Policy and Law

First, Mr. Chairman, let me express my appreciation for this opportunity to discuss with you and the other members of the Subcommittee the critical issue of changes in the welfare system that will promote the opportunity of poor people to obtain paid employment. Since my work in this area relates principally to individuals and families who receive Aid to Families With Dependent Children (AFDC), I will address my remarks to the provision of employment and training opportunities to those individuals.

It is certainly clear to me from my conversations with recipients over the years that they have a strong interest in the development of worthwhile educational and training programs that will increase their employment skills and in the expansion of realistic opportunities for their paid employment, as well as in receiving adequate assistance to meet the needs of their children and themselves when they do not have adequate income from other sources. My own observations in this regard differ sharply from those who suggest that the receipt of welfare benefits is a major cause of continued dependence on these benefits.

The Myth That Welfare creates dependency

An examination of this belief, which I will refer to today as the myth that welfare creates dependency and fosters the continuation of poverty, is a critical first step in the exploration of changes in governmental needs-based assistance systems. If the myth is solidly based in fact, this might lead one to conclude that the poor are helped by a restrictive approach to public assistance that places stringent limits on its availability to ensure that no one could or would "choose" welfare in preference to seeking other sources of income. One might also conclude that employment and training programs must be designed to compel entrance into the paid labor market.

Indeed, these conclusions so aptly describe much of the current system of public assistance that one must wonder if the myth of welfare as a generator of dependency was conceived first as a rationalization for the status quo.

There are, of course, arguments that these conclusions would not be valid even if the myth were true since they fail to address many of the major parts of the problem. For example, how are needs met for those for whom there is no realistic immediate alternative source of income? What happens to the children of those who remain unemployed or employed at subsistence wages? I would suggest, however, that there is no need to become caught up in this debate because the myth quite simply is not true. It does not jibe with the facts as they have been discovered to date.

In an attempt to determine the effect of the receipt of welfare benefits on the question of an individual's continued dependence on these benefits, researchers have compared the receipt of welfare benefits by adults who grew up in families that received welfare during some part of their childhood with the receipt of such benefits by adults who had grown up in families that had low income but had not received welfare benefits. These studies found that children from families that had received welfare were no more likely to go on welfare as adults then were the children from other low income families and one of the studies concluded that "there is no tendency for welfare to be perpetuated into the second generation". (Rein and Rainwater, "Patterns of Welfare Use", Social Services Review, Vol. 52, No. 4, Dec. 1978, and Hill and Ponza, "Poverty and Welfare Dependence Over Generations", Economic Outlook USA, Vol. 10, No. 3, Summer 1983, pp 61-64.)

The myth that welfare creates dependency is also not supported by the evidence about the duration of a family's reliance on welfare benefits. Some witnesses before this panel have noted that when one looks at the families receiving AFDC in any given month, a substantial percentage of them are families who are experiencing a spell of welfare use that will last for more than 7 years. This does not mean, however, that most of the families who receive AFDC receive it for 7 year or more. These same studies have shown that most families do not stay on the rolls continually for long periods of time. An HHS study of case openings and closings in the late 1970's found that 70% to 75% of the cases were closed within two years after they were opened. A separate study of families receiving AFDC during a ten year period found that half of the families received aid for less than two years and only 17% remained on the rolls for more than 7 years. ("Time on Assistance", SSA Print No. 13-11979, February 1982, pp 32-40, and Bane and Ellwood, "The Dynamics of Dependence", June 1983.) The high number of longer term recipients at any point in time simply reflects the fact that at that point one is observing families in each year of the longer spell-- some already late in the spell and others at the beginning of what will prove to be a long spell.

While there is an urgent need to improve the lot of all of these families, including those who find themselves living on substandard incomes for periods of over 7 years, the rate at which families leave the rolls suggest that they have not accepted dependence on welfare as a way of life

Another aspect of the welfare dependency myth is the suggestion that the availability of public benefits leads individuals, principally women and particularly teenaged girls, to make choices about parenting that are likely to lead to poverty and welfare dependence. It is suggested that women with children are more willing to separate from their male partners and establish female headed single parent households because of the availability of AFDC and that teenaged girls are more willing to bear children out-of-wedlock because of the availability of public assistance. Studies of teenagers have repeatedly found that the availability of public assistance is not a major factor in a pregnant teenager's decision as to whether to bear a child or to marry the child's father. (Moore and Caldwell, "The Effect of Government Policies on Out-Of-Wedlock Sex and Pregnancy", 1977; Ellwood and Bane, "The Impact of AFDC on Family Structure and Living Arrangements", 1984.) While, there is some evidence of a correlation between the availability of welfare benefits and a teenager's decision as to whether to establish her own household (more young unmarried mothers establish separate households in the so-called high benefit states than in the low benefit states), it is not clear, that the establishment of separate households results in more poor teenaged parents than would otherwise be the case.

Similarly, there is clear evidence that the availability of public assistance does not affect decisions about family size. As American families have grown steadily smaller over the last 15 years, more and more of the families who seek aid are small families. In 1969, 50% of all AFDC families included 3 or more children; by 1982, 74% of the families receiving AFDC were families with one or two children, 43% had only one child. (As an aside, this suggests that governmental efforts in the program should now be measured by examination of the benefit levels for families of 2 or 3, not the now atypical family of 4.) Smaller families hasten the day when they are ineligible for AFDC, and as things now stand, there usually are no other cash-assistance programs to which the family can turn.

Finally, members of families who are receiving AFDC have repeatedly demonstrated their desire to obtain paid employment. Before the changes in AFDC eligibility that severely restricted the availability of aid to families with earnings, approximately 14% of the female caretakers were working outside of the home in any one month. Families persisted in this work effort even in the face of the changes that caused them to lose AFDC and medicaid eligibility. A 1985 GAO study found that the vast majority of families who were terminated from AFDC because their earnings were above the reduced eligibility levels did not stop working, even though in many cases they were worse off because they continued to work. Census Bureau data for 1980 and 1982 reveal that in each of these years approximately 40% of the families that received AFDC also had earnings from employment in that year.

The Inadequacy of AFDC Benefits.

Even without these quantifiable facts, there are many reasons to doubt the notion that it is the existence of welfare rather than the existence of poverty that fosters dependency on public benefits and a continuing need for assistance. The inadequacy of benefit levels gainsays any belief that one would choose to live on welfare in preference to pursuing other sources of income if one thought that there was a realistic hope of obtaining that income and that it could be obtained without unduly sacrificing other family needs.

As of January 1986, the AFDC benefit level for a family of three without other income was less than $300 a month in 19 states and all 3 territories, and was above $400 a month in only 13 states. The highest benefit levels within the contiguous states were $587 in California and $544 in Wisconsin and the median benefit level for all states was $341 (Illinois). The figures are particularly bleak in the Southern states, all of which were below the median. While Mississippi and Alabama continued to pay the lowest benefits ($120 and $118 respectively), states like Virginia and Texas ranked 35th ($291) and 49th ($184).

These benefit levels are in sharp contrast to the decisions that this Congress has made with respect to the needs of the elderly, the blind and the disabled. In 25 states, the AFDC benefit level for a family of 3 is less than the federally established SSI benefit level of $336 for an individual. Only 5 states have an AFDC benefit level for a family of 3 that exceeds the federal SSI benefit level of $504 for a couple.

Even when food stamps are added, the benefit level for a family of 3 is less than 75% of the poverty income guidelines in 39 states. A comparison of benefit levels with state median income reveals that the average combined 1986 AFDC and food stamp benefit for a family of 4 was equal to only 25.9% of 1983 median income; the closest benefits came to the median in any state was 34.7%. (Benefits for a family of 4 are used, even though the typical family receiving AFDC is smaller, because median income is measured in terms of families of 4.)

Only someone who has never had to depend on welfare for her family's daily living needs can think that living on welfare is easy. Families in need of welfare have to struggle with the welfare agency to obtain the aid they need. They live in constant fear of some unanticipated interruption of aid that can lead to foodless days and evictions. At the same time they know that the assistance will not fully meet their family's needs even if it comes regularly. Unless one believes that there are millions of Americans who are eager to live at subsistence levels, one has to believe that the existence of welfare is not the reason why over 4,000,000 American families seek Aid to Families with Dependent Children each year.

Compulsory vs. Voluntary Participation

As I noted at the outset, one of the arguments that often arises in connection with the myth that welfare creates dependency is the contention that welfare applicants and recipients must be compelled to accept paid employment or otherwise participate in employment and training programs. Welfare recipients have vigourously opposed such use of compulsion over the years because of the unavoidable damage that flows from it and its implicit negation of their ability to assess their family's needs.

In many ways, the issue of compulsory participation is akin to the issue of due process. Due process is not founded on the notion that more of those accused are innocent than not but rather on a recognition that the paramount need is to avoid the unjust imposition of a penalty on one who is innocent. Similarly, it is necessary to avoid the imposition of compulsory participation in order to avoid penalizing those who will be unjustly subjected to the requirement, even if one could assure that they would be few in number. The fact that compulsory requirements will result in some unjust denials of aid is a given. There is no way in which the criteria for participation can be defined in totally objective non-judgmental terms and wherever humans must make judgments about the reasons for the behavior of others, they must make mistakes.

The burden of persuasion must fall on those who advocate compulsory participation requirements. Why are they needed? What justification is offered other than the myth that welfare creates dependency? Contrast this lack of justification with the abundant evidence of the absence of any need for compulsion that is offered by the consistent oversubscription of any worthwhile employment and training program.

Some have suggested that compulsory participation may be necessary to overcome the hopelessness and despair that could block some poor people from trying to take advantage of the opportunities that are offered to them and/or that it may be particularly necessary in dealing with teenaged parents who might otherwise act against their best interests.

One's estimate of the value of these approaches is almost necessarily governed largely by one's own personal view of human personality and behavior and how individuals are best motivated.

Certainly there are many reasons to doubt that the effects of hopelessness and despair can be cured by coercion or that teenagers respond well to the attempts of their elders to impose their wills upon them. While the tactics of persuasion, education, and support may not be surefire solutions, they certainly seem to offer as much hope of change as coercion. They are certainly likely to be more costly in the short run. It take more time to try to talk through the possibilities for change and to try to foster a true understanding of the consequences of certain choices than to simply say, "you must", but if one focuses on short term costs as opposed to long term results, the search for ways to further eliminate poverty is doomed to failure. A problem that has existed this long is not likely to be significantly modified by quick fixes.

Most importantly, even if one believed that there might be value to compulsion in some cases, one would still have to balance that value against the risk of damage to others. Furthermore, in a strictly dollar and cents cost benefit analysis, there would be no reason to adopt compulsory participation requirements until an opportunity for entry into paid employment or employment training programs had been provided to every person who was seeking it.

Compulsory participation in the context of the AFDC program also constitutes an implicit acceptance of the theory that government can and should decide when children should be in the care of adults other than their parents and when. Telling a mother who is caring for her pre-school child that she must enter the paid employment market and must do so on a full-time basis necessarily represents a decision that her child must be cared for by another for most of the child's waking hours. It is true that many single parents work outside the home and that in many two-parent families, both parents work outside the home. It is also true that in many cases, at least one parent stays out of the paid labor market or one or both parents work less than full-time so that they can more evenly divide their time between child care and paid employment. For most of us, these decisions are choices -- choices influenced by economic factors as well as others -- but still choices where the individuals concerned do the balancing.

Even the most cursory sampling of child development theorists provides abundant proof that society as a whole has a stake in insuring that parents are able to make these choices. It is hard to find a topic on which there is more fundamental disagreement than the issue of the effect of substitute child care on the emotional well-being and intellectual development of the child. The most positive views most often stress the need for substantial parental involvement on a day to day basis as well.

The Need For Changes In The Workplace To Accomodate Working Mothers

Questions about a child's need for parental care during the pre-school years and thereafter also point to the need to recognize that the question of increasing income from earnings for poor women who are responsible for the care of children requires consideration of a host of other issues relating to prevailing employment conditions in the marketplace. It is no news to anyone who follows daily events that women's organizations and others are increasingly calling public attention to the need to provide more flexibility in employment arrangements in order to allow caretakers of children to manage the duel jobs of working outside the home and caring for their children. The issues raised include -- more part-time schedules (reductions of days as well as hours per day) -- employer acceptance of the legitimacy of intermittent child care related absences -- provision for long term absences related to child care in leave policies -- expansion and improvement of day care and other measures to make quality child care affordable to all.

These issues are as important to poor women as they are to those of higher means. Indeed, poor women may have an even greater need for ways of tailoring employment to their child care responsibilities since they have fewer financial resources to use to bridge any gaps or to "buy time" to spend with their children as many of us do when we employ housekeeping services, purchase timesaving devices for household chores, etc. How many working mothers do we know who now feel that microwave ovens are a sine qua non of getting meals on the table. Microwave ovens don't fit within a poverty budget.

The Need for Federal Standards

Another question that arises in the development of employment and training programs is the basic question of the allocation of roles and responsibilities between the various levels of government. It is generally taken as a given that state and local entities should be involved in the design and operation of the programs regardless of the extent of federal funding. Assuming this approach is valid, there is still the question of where the balance should be struck between federal standards and local discretion. Many have suggested that differences in the labor market and in the conditions of the poor mandate flexibility for state and local governments to design programs tailored to those conditions. It is hard to quarrel with this proposition but it is important to recognize that there is no inconsistency between federal standards and the provision of the necessary flexibility.

Providing the necessary range of flexibility does not mean that state and local governments have to be free to try anything and everything. Prior experience can identify approaches with a higher probability of success than others, can help to fashion meaningful criteria for preevaluation of previously untested approaches, and can identify approaches that are not acceptable.

The Limitations of Work Relief Programs

For most poor people with whom I have spoken, work relief programs that simply use participants as they stand to perform work, without offering any training in new employment skills, fall into the latter category -- the unacceptable. These are programs in which recipients of aid are placed on work sites and asked or required to perform tasks that need to be done. These tasks would otherwise be performed by employees of the organization that maintains the work site, if the entity considered it cost-effective to get the jobs done and had the resources to hire people to do them. The recipients are not compensated by wages or stipends for their work. They are assigned to tasks that they can do on the basis of their current skills and abilities with no more supervision than would normally be provided to an individual hired to do the job on a regular employment basis.

By definition these programs are not significantly adding to an individual's job skills since she is not being trained to do anything that she couldn't be hired to do as she stands. Some have suggested that such programs can promote employability since they offer exposure to an employment setting to individuals who have not had prior employment experience, a period of adjustment to the demands of a daily employment schedule, an opportunity to build self-confidence, and an opportunity to demonstrate a pattern of regularity and dependability to potential employers.

If this is a justification for some work relief of this type, it clearly is not a justification for widescale programs with indefinite recipient participation. It argues at most for some continuation of the time-limited programs that have been tried to accomplish these goals -- programs that usually require no more than 13 weeks of participation by an individual -- and for involvement in these programs of those whose prior history indicates a need for the type of work orientation offered by the program.

Even with such limitations, the results of these programs need to be more carefully scrutinized to determine whether they are acceptable. There is reason to question whether individuals who are so far from employabilty that they could benefit from such programs could have a significant probability of obtaining and retaining employment simply as a result of participation in such activities. While we are still examining the results of recent studies of such programs, we have not yet seen evidence that there are results that demonstrate significant results in rates of obtaining and retaining jobs.

Another argument sometimes advanced for such programs is that they are productive for society, i.e., they result in work being done that is useful to society as a whole and would not otherwise be done. This suggestion raises profound political questions about the nature of employment and the terms in which different segments of the society engage in employment. I would submit that in the long run society is ill-served by a system that gets public work done without appropriate compensation and employment status for those who do such work.

* * * * *

In conclusion, I regret that time did not permit a fuller exploration of these issues. I hope that there will be more opportunities for poor people and those who work with them in a representative capacity to be involved as the Subcommittee continues its work.

While it would be unreasonable to expect that any of us can devise solutions that will offer instant full employment and other solutions to the elimination of poverty, that is no reason to give up on constant forward movement toward that goal.

Mr. **Matsui.** I will go on now to Mr. Aslanian and then we will have questions.

STATEMENT OF KEVIN M. ASLANIAN, LEGISLATIVE ADVOCATE, COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS

Mr. **Aslanian.** Thank you. I basically want to cover three issues: One, the San Diego work program; two, the California workfare program; and three, make some recommendations. Before I get into that, I want to say that there are a lot of women between the ages of being pregnant and having children under the age of 6 who want to go to school, but the welfare system will not let them do that. What happens, if they go to school, then they say, "Aha, you are frequently absent from the house and therefore you have to join the workfare program."

The current system basically does not allow a woman to go to school, so if there is anybody to blame, it is the current law and not the woman who wants to go to school. In fact, most women do want to go to school.

The San Diego program basically provides for 3 weeks of job search, 3 months of workfare, and that is the end. The MDRC has done a number of studies on the San Diego workfare program. The latest study shows that men who are not participating in the workfare program get more jobs than men who participate in the workfare program, so basically for men you are better off not being in the workfare program. It becomes a deterrent, and you get fewer jobs.

There are a lot of people who are victimized by the workfare programs, and we have two reports, Mr. Chairman, we would like to submit for the record.

Mr. **Matsui.** We will take those for the record.

[The information follows:]

REPORT

On The

VICTIMS

Of The

SAN DIEGO COUNTY WORKFARE PROGRAM

1984

COALITION OF CALIFORNIA
WELFARE RIGHTS ORGANIZATIONS

COALITION OF CALIFORNIA
WELFARE RIGHTS ORGANIZATIONS

FORWARD

This report was prepared by the San Diego County Welfare Rights organization and the Coalition of California Welfare Rights Organizations.

In presenting this report we would like to extent our appreciation to the Legal Aid Society of San Diego County for their legal research and assistance in preparing this report. We would also like to extent our greatest appreciation to Cresencia Garza who made this report possible by typing it and editing the report.

JANAURY 10, 1984

An Independent Grass Roots Organization
312 20th St. Sacramento, CA 95814 (916) 442-2901

TABLE OF CONTENTS

Executive Summary 1

Introduction 3

Case #1 5

Case #2 7

Case #3 8

Case #4 10

Case #5 12

Conclusion 13

Statistical Analysis of the San Diego Work Program 15

EXECUTIVE SUMMARY

This report outlines some of the problems that AFDC recipients face while participating in San Diego County's Employment Preparation/Experimental Work Experience Program (EPP/EWEP), which is due to expire June 30, 1984.

As the program progresses, San Diego County has become the mecca of structured visits for visitors from throughout the country and the state.

The visits are controlled by County personnel. Visitors are taken to the sites chosen by the County and are presented a one-sided picture.

All stories, however, have two sides. This report presents the other side -- not cold statistics and planned demonstrations -- but actual case histories of victims of the San Diego Workfare Program.

The San Diego Program carelessly applies harsh sanctions to entire families when the head of the household (allegedly) fails to cooperate. Sanctions are applied without allowing people their right to the 30-day conciliation period, which was designed to protect those persons who want to cooperate from such sanctions. San Diego County has admitted that, notwithstanding the fact that the law requires all persons be provided with the opportunity to a conciliation period, they have chosen to ignore this requirement. Not one victim mentioned in this report was allowed the 30-day conciliation period as provided by law.

Summary of the cases contained herein:

-- An illiterate person was assigned to EPP/EWEP. After completing the job search portion, he proceeded to work for the benefit portion of EWEP. While working off his AFDC benefits, his father had a stroke and he went to see his father. His wife told the Welfare department but when he returned his entire family was meted out a three-month sanction while the head of the household went to his ill father's bedside.

-- Another AFDC recipient was ordered to do a work assignment by the Court while he was doing his EPP/EWEP assignment. He called his worker who approved of his request to obey the Court ordered work assignment. His entire family was then subjected to a three-month sanction for obeying a Court order.

-- A woman applied for AFDC because her work hours were cut back. Yet, she continued to work for the hospital under an "on-call" basis. EPP/EWEP prevented her from responding to the hospital call-ins and, therefore, she lost her part-time job with the hospital, which could have turned into a full-time job. Prior to completing her EPP/EWEP assignment, she moved to Kern County and informed her worker of the move. When she returned to San Diego County, she was sanctioned for three months for failure to complete her EPP/EWEP assignment.

-- Another AFDC recipient had already completed his EPP/EWEP assignment but was asked to go through the program once more. San Diego County alleges that they require recipients to go through EPP/EWEP only once. This man's entire family was sanctioned for three months because he accepted a training assignment to which the County Welfare Department specifically referred him.

EPP/EWEP participants are instructed during the 2- to 3-week job search phase of EPP/EWEP by program personnel not to accept an offer of employment, if offered one at a job interview, until they have completed the three-week EPP assignment. Federal law, however, provides that they can be sanctioned for failure to accept employment.

These cases only represent those situations in which we filed for a fair hearing. In many cases recipients are afraid to file for a fair hearing because their county workers retaliate against them for filing such hearings and try to cut them off aid for any phony reason they can find. One of the more common methods of harassment is to request verification over and over again regarding the same item.

Some of the typical cases that have not been elavated to the fair hearing level are:

-- A woman receives $526 per month in AFDC and her absent parent pays $200 per month to the District Attorney's Office as child support for her two children. Rather than being required to work off the difference between $526 and $200 she is required to work off the entire $526, which means she has to work off her child support payments also. Had the law not required the child support to be paid to the D.A., then she would have recived her $200 child support payment and a $326 AFDC grant. But, because she has the unfortunate luck to have her child support be paid to the D.A.'s office, because the San Diego County District Attorney receives a bounty for making sure that the money goes to the D.A.'s office, which amounts to 12.5% of all child support collected the AFDC mother is rewarded by being required to work off her child support payments through the performance of an unvoluntary servitude act.

-- Another common situation is when the AFDC family has some sort of income which is counted two months down the line. Thus, if the AFDC recipients had $200 net income in October, then their grant would be $200 less for December. However, San Diego County still requires the EWEP participant to work off the full AFDC grant during the month of December, eventhough the December grant was reduced by $200.

Do these recipients get paid for the free mandatory labor that they provide to the County? No. It is free labor provided to the County over and above their AFDC grant. What happens to the County for forcing recipients to work off hours over and above their AFDC benefits? NOTHING. What happens if the recipient fails to work off their AFDC hours? They are terminated from AFDC for 90 days -- a stiff sanction. IS THIS EQUITABLE???

INTRODUCTION

San Diego County has implemented workfare in the General Assistance Program, the Food Stamp Program, and now in the AFDC program. This report will deal with the AFDC workfare program in San Diego.

The program got under way in August 1982, and is called the Employment Preparation Program (EPP)/Experimental Work Experience Program (EWEP). Because of its experimental nature, it does not yet include all AFDC recipients. The County hails EPP/EWEP as an "innovative welfare program" that features "unprecedented cooperation between such agencies as the County Department of Social Services (DSS) and the State Employment Development Department (EDD) . . ."

EDD provides Job Development Counselors (JDCs) who work with the participant during the first three weeks of EPP/EWEP (Job Search Stage). DSS monitors the next three months of EPP/EWEP through its eligibility workers, which is the Work-for-Benefit Stage. At this stage, participants work 32 hours per week in various public and private non-profit agencies as a condition for their AFDC check. The remaining eight hours per week are reserved for supervised job search activities.

On March 23, 1982, the San Diego Welfare Rights Organization met with San Diego County workfare officials to discuss the County's EPP/EWEP Program that was getting into swing. WRO was assured that, unlike other workfare programs, EPP/EWEP was not sanction oriented. Further, if a participant were sanctioned, she or he would have an EDD notice of deregistration followed by DSS notice of welfare termination. These two notices, plus the EDD WIN requirement that allows 30 days for exhaustion of conciliation efforts, assured that EPP/EWEP sanctions would be minimal and participants' rights to appeal preserved. WRO's experience and the following case histories do not support this view. EPP/EWEP routinely sanctions people like the case histories herein reveal and is a "sanction oriented" program.

WRO submits the following case histories to suffice as their preliminary report on the EPP/EWEP Program in San Diego County. Most of these cases have gone to a fair heraing and at all hearings San Diego County has been willing to vigorously defend the following abusive actions, which indicates that the County considers its policies correct. Consequently, the practices revealed herein are widespread. WRO is of the opinion that thes cases merely represent the tip of the iceberg and that the vast majority of workfare abuses go unchallenged and never come to our attention. Considering these case histories, this is indeed a frightening prospect.

WRO has attempted to obtain reports from county and state officials for this report, but has not received the requested information. Specifically, on March 28, 1983, WRO requested progress reports from the County, which could not be met because none "had been prepared." Furthermore, WRO's May 19, 1983, written request to the State Department of Social Services for the State's quarterly reports on workfare was ignored. In spite of our lack of reports and statistical data, we think the following case histories speak for themselves.

Many of the families described herein have been sanctioned illegally by the County of San Diego in that they were not afforded the opportunity to rectify the problem through the 30-day reconciliation period provided by law. Today they are victims of the County's illegal acts. The real victims, however, are the children of these families who are currently living with these harsh sanctions.

We now take you through the case histories of the victims, most of which are children.

CASE #1

"Mr. A" has a wife and three children aged 2, 3, and 5 years. The County claims that Mr. A did not cooperate with the County's EPP/EWEP Program, therefore, the entire family is being punished. The County calls it "sanctioned." The entire family cannot receive any AFDC benefits, regardless of their need, for three full months.

Mr. A is illiterate. He told the County that, while he could sign his name, he could neither read nor write. This condition did not prevent the County from selecting him for participation in the EPP/EWEP Program and was told to sign an Agreement of Understanding, even though he could not read the document, if he wanted to receive AFDC benefits.

While participating in the work-for-benefit phase of EPP/EWEP, a family emergency occured one weekend. Mr. A's father suffered a stroke requiring his immediate departure to Virginia with the assistance of his relatives. Mr. A told Mrs. A to call the County and convey this news first thing Monday morning, which she did. After two weeks, Mr. A returned to San Diego on a weekend when he was promptly arrested for outstanding traffic tickets. Unable to post bail, Mr. A was incarcerated for ten days.

When he finally came home, there were two letters from EDD which he did not understand. He personally took the letters to EDD to determine the problem and what he should do to get back to work. Unbenownst to him, EDD was deregistering him and his time to request an EDD hearing for that action had almost run out. Rather than assist Mr. A, (an illiterate) in requesting a hearing, EDD sent him over to DSS. Of course, DSS sent him back to EDD where his opportunity to request a hearing had not terminated.

In addition, as he was shuttled back and forth between the two agencies, DSS sent him a notice terminating his AFDC benefits. Since he couldn't read this notice, he was unaware of his right to appeal. Also, since no one was assisting him or informing him that precious moments were ticking away, he missed the deadline to receive aid pending the DSS hearing. Thus, Mr. A, Mrs. A, and their three small children are currently receiving no aid.

As Mr. A recalls, a sympathetic observer in one of the agencies could no longer bear to witness his futile efforts to understand what was happening, who he should talk to, and what he should do. This person pulled him aside and told him to see the San Diego Welfare Rights Organization for help.

WRO assisted Mr. A to appeal both the EDD notice of deregistration and the DSS notice of termination. The EDD hearing has already taken place and the sole issue was whether he was timely in requesting his hearing. It was decided that he was not and, therefore, he was prevented from challenging the EDD deregistration. EDD's fault in causing the untimely request apparently was not relevant.

Mr. A also had a DSS hearing where he presented his story. The County admitted that they were aware of his reading and writing problems, but they contended that he did sign an Agreement of Understanding and that, if he had only contacted them, they would have helped. Helped indeed!

Mr. A's family, with three small children, is now awaiting DSS's decision. If the DSS hearing follows past practice, it will simply adopt the EDD decision, stating that DSS has no jurisdiction over the matter and his opportunity to challenge the action has run out in both hearings.

CASE #2

"Mr. B", the father of four children, aged 8, 10, 12 and 13 years, was in his second round with San Diego County's EPP/EWEP Program when he was sanctioned. He was selected in January 1983, and completed the entire program once. Then he was selected again for EPP/EWEP participation in the Spring. San Diego County alleges that families will be required to participate in EPP/EWEP only once. Apparently, this is not true.

While Mr. B was participating in his second work-for-benefit phase of EPP/EWEP, he received a court sentence requiring that he complete a 5-6 day work assignment. Mr. B contacted his Job Development Counselor (JDC) and it was agreed that he be assigned to continue EPP/EWEP on June 27, 1983. On June 27, 1983, Mr. B arrived on time at the Boy's Club ready to finish the eight days he had left for his second EPP/EWEP Program assignment. However, the worksite superintendent noted that neither he nor Mr. B had a worksite assignment sheet and, therefore, he would not allow him to work. He was instructed to contact his JDC counselor to determine why he never received his worksite assignment sheet. Over the next few weeks, Mr. B, who has no phone and has to use pay phones, tried to reach the JDC, but to no avail.

Meanwhile, DSS sent a notice terminating the entire family from AFDC because of Mr. B's alleged failure to cooperate with EPP/EWEP. Precious time ticked away as he futilely contacted DSS and EDD about the termination and the worksite sheet, but he was never able to reach the right person and was always shuttled to the other agency. By the time he appealed, the DSS notice of termination, his right to aid pending the hearing had run out and Mrs. B arrived at the Welfare Rights Organization frantic as school was starting for the four children and no check was forthcoming.

Finally, Mr. B received his worksite assignment sheet about six weeks after his attempt to report to work for EPP/EWEP. It had been erroneously sent to this old address. Mr. B had, in a timely manner, notified the County of his new address.

At the hearing the main issue was how long it takes the post office to reroute a letter from an old address to a new address.

Perhaps Mr. B will prevail at the hearing. Perhaps he won't. In any event, he won't know for at least a couple of months and meanwhile the family has nothing. All this because of a court order that was duly reported to the County and the County's failure to mail the assignment sheet to the proper address.

CASE #3

"Ms. C" represents a new class of EPP/EWEP participant. Recently, the County of San Diego changed the method by which EPP/EWEP participants are selected. Now, all mandatory registrants must participate in EPP/EWEP.

When Ms. C applied for AFDC on behalf of herself and three children, she was an employed person. She had been employed full-time as a dietary assistant at the University hospital for two years, but her hours had been cut back recently necessitating her application for AFDC. She liked her work and anticipated that her hours would increase so that her dependence on welfare would be short lived. She felt that she had developed important patient skills which is why they continued to call her.

But the EPP/EWEP Program had different plans. This "job" development program took an employed person whose outlook and dependence on welfare looked exceedingly temporary, and transformed her into an unemployed person whose outlook and dependence on welfare has increased considerably.

Consider the rules. Ms. C was not exempt from registering with WIN because her part-time employment was less than 30 hours per week. Because she was a mandatory registrant, she became a mandatory EPP/EWEP participant.

It is important to understand that the hospital employed her on a call-in basis to work different shifts. They would call at 8 a.m. or at 12 noon and require her presence during day or night hours.

It is also important to understand that Ms. C was unaware that she was part of a special experimental program allegedly designed to get her employed. She thought all welfare recipients were required to meet EPP/EWEP requirements. Therefore, she tried desperately to meet the demands of her part-time job and EPP/EWEP.

The County cannot claim ignorance as to her employed status. This fact was clear when her eligibility was determined and her monthly grant was calculated by anticipating that she will receive income during the month of application and the month following the month of application.

Being warned that EPP/EWEP was mandatory and failure to meet the requirements would result in the termination of her benefits, Ms. C heroically managed to complete the "job search" portion of EPP/EWEP (the first three weeks). During this time, she took the shifts at the hospital that would not conflict with EPP/EWEP (usually night). Then she dutifully went to the daytime EPP/EWEP sessions where she was taught how to find a job by looking in the yellow pages and making phone calls. Meanwhile, she had to turn down three eight-hour shifts at the hosptial because EPP/EWEP required her presence so they could teach her how to secure a job. She was sent out on interviews, but was instructed by her JDC to turn down employment if offered. She was not to accept employment until the three-week job seach training phase was completed.

At the end of three weeks, EPP/EWEP presented her with a certificate of completion of their "training program" and her hospital employer presented her with a termination notice because she was not able to respond to their call-ins as they conflicted with her EPP/EWEP hours.

At this point, she duly notifed the County Welfare Department and moved her family to Bakersfield. Now she has returned to San Diego, is accused of failing to cooperate with EPP/EWEP and is facing a three-month sanction. She is required to start a three-month EPP/EWEP cycle all over again.

CASE #4

"Mr. S" has a wife and is the father of four children. This family received a notice that they would all be sanctioned and receive no aid for three months because of Mr. S's failure to cooperate with EPP/EWEP.

Mr. S had almost completed the entire EPP/EWEP cycle when he received a notice from DSS addressed to him, telling him to report for an interview where he would be evaluated for a job training program. The notice stated that failure to appear will cause the suspension of his AFDC benefits.

Mr. S was in a quandry. By reporting as instructed, he would not be able to finish the last five days of this EPP/EWEP Program. With two conflicting instructions, he contacted his JDC who stated that he would get back to him. The JDC never did get back to Mr. S. Therefore, Mr. S left EPP/EWEP and went to the interview with an EDD employee where he was assigned to a new job training program. He was, after all, following written instructions from the County and oral instructions from the interviewer.

Actually, Mr. S welcomed the County's new job training assignment because his EPP/EWEP experience had been disappointing. After working two months in a particular position, the positon became available for employment. With hopes high, he applied for the position, but an outside person was selected and Mr. S was required to train the new person in the job. Understandably, Mr S was beginning to doubt if his EPP/EWEP experience would lead to bona fide employment. So the County's assignment to a new training program raised his spirits and hopes for employment.

When Mr. S had nearly completed his new training program, his wife was shocked to receive a phone call from DSS stating that Mr. S had never completed his last five days in EPP/EWEP and that the entire family could look forward to three months without aid. She was told that he should quit the training that he was now completing and return to the former place to complete his five days.

Mr. S called and reasoned that he only had a few weeks of training left, that he felt the training was valuable, and could he complete the remaining five days with EPP/EWEP after the completion of his current training? The answer was a firm NO! In fact, he recalls being told that if he didn't like the arrangement, he could leave the state.

Mr. S, thinking that surely reason will prevail, completed his training. After all, he was following written instructions and the oral instructions of the person who interviewed him and assigned him to his current training.

Of course, the DSS notice terminating the entire family arrived and Mr. S appealed. At the hearing, the issue was whether the mailed instructions telling him to go to the new training site was addressed to him specifically or whether it was just a stuffer. The County contended that what he received was just a stuffer intended for non-EPP/EWEP people and he should have ignored it. Mr. S contended that it was addressed specifically to him, but he did not have the letter to prove this. Finally, during the hearing, the critical letter was inadvertently discovered by the hearing officer in one of the County's files. Yes, the letter had been addressed specifically to Mr. S.

The point in this incident is that, if common sense and reason had prevailed, Mr. S would never have been sanctioned and the costly hearing could have been avoided. Mr. S was one of the lucky few that requested a hearing in time and received aid pending the hearing.

The decision is pending. Perhaps he will prevail. The point is that, after conceding the fact that they sent him written instructions to report to an interview, and interviewing him, and assigning him to a new training program, the County seriously contended that somehow and for some reason, he should have known to ignore their written and oral instructions.

This case exemplifies the total confusion between and amongst the County agencies running EPP/EWEP. Yet, these agencies expect the participants to read their confusing messages with total clarity. They are even expected to identify and ferret out erroneous messages and ignore them. It's not easy to be an EPP/EWEP participant.

CASE #5

"Mr. R" has a wife and five children, ages 8, 7, 5, 4, and 3. The entire family is facing a three-month sanction action from the County because Mr. R allegedly failed to cooperate with the EPP/EWEP program. Mr. R has two years of experience as a journeyman sheet metalist.

Mr. R completed the job search phase of EPP/EWEP where he watched films, went through the yellow pages, made telephone calls and even went to some interviews, but was instructed not to accept employment if offered at these interviews until his job search phase of EPP/EWEP had been completed.

After completing the job search phase of EPP/EWEP, he moved on to the work-for-benefit phase of EPP/EWEP and worked at a worksite as a "gardener." In reality, however, he tended latrines rather than flowers. While working at this site for three weeks, he was simultaneously setting up interviews for police work. As the demands of these interview sessions increased, he called his JDC who appeared to undertand his very tight schedule. After confirming with another WIN person, the JDC gave Mr. R three weeks off from EWEP to enable him to interview and test. He was told he need not report to EWEP until the 25th of the month.

Before his three-week reprieve was up, Mr. R realized that his opportunity would not materialize. He called the DSS worker and stated his willingness to commence work earlier than anticipated. However, she told him not to return until the 25th.

By the 22nd, Mr. R was getting anxious because he had not heard from the Welfare Department about where he should report on the 25th. He had been warned that if he "blew it" he would be sanctioned, but at least he had been assured that aid for his wife and five children would continue.

Not wanting to cause any problems, he called two days early on the 22nd and inquired as to where he should report on the 25th. He was told not to bother because he and his entire family were being sanctioned and would receive no aid for three months. On the 24th, one day before the agreed date he was to return to EWEP, he received written notice that, commencing on the 31st, he and his entire family would be punished for three months because of his failure to cooperate with EPP/EWEP.

WRO assisted this family by appealing this action in time, therefore, they qualify for aid paid pending. However, this does not assure this family that aid will continue uninterrupted. WRO's experience indicates that aid paid pending checks can be anywhere from one to six weeks late. As the rent is now due, and the check is late, Mr. R is understandably quite worried.

CONCLUSION

There are several problems that EPP/EWEP presents to AFDC recipients and the victims, who are children. This is a very important fact to remember, because the AFDC program is designed to protect the health and welfare of the CHILD AND THE FAMILY.

It is the view of CCWRO and the San Diego Welfare Rights Organization that, although the program may be helping some, it is also needlessly hurting too many. This is where we differ with the proponents of EPP/EWEP. The proponents believe that there is no problem with hurting helpless children for other's benefit. We believe, however, that the program should be structured to ensure that no child and family should be hurt because of the EPP/EWEP program.

THE MANDATORY NATURE OF THE PROGRAM ENSURES THAT SOME WILL BE HURT

If the proponents are sincere and confident as to the program's benefits and if they are sure the participants are indeed happy, then there is no reason to make it mandatory. The nonmandatory nature of the program will assure that "innocent families will not be hurt". We believe that most of the proponents don't want to see a family with needy children going foodless and homeless.

Reports from persons visiting San Diego's pre-planned tours of workfare state that participants are happy and wouldn't have it any other way. We believe that San Diego County should be delighted to make the program voluntary as a demonstration that our perceptions are invalid. A voluntary program would also protect the health and welfare of the children in workfare families, in that children would not be punished because of actions or inactions of their parents.

SAN DIEGO COUNTY SHOULD OBEY THE LAW

As our case histories indicate, EWEP families are deregistered without the opportunity of a reconciliation period as required by Unemployment Insurance Code Sections 5302(b) and 5304. Moreover, San Diego County welfare officials have admitted that they have made a conscious decision to ignore the state law. Unfortunately, there are no sanctions against San Diego County for knowingly and willfully disobeying the law by sanctioning hundreds of families without the 30-day conciliation period.

SAN DIEGO TOURS ARE NOT REPRESENTATIVE OF WHAT IS REALLY HAPPENING

CCWRO has always been suspicious of controlled visits. Los Angeles County was deluged with visits to see how monthly reporting and retrospective budgets operated there. As a result of these visits, Congress mandated this program on all states. Today a majority of the states are appealing to the federal government for exclusion from this requirement and have asked Congress to make monthly reporting and retrospective budgeting optional.

Moreover, as a condition of eligibility, recipients must exert all efforts to appear happy at EPP/EWEP worksites and perhaps many of them are. But certainly not all!!!

Here are some problems:

— Persons not needing assistance in how to find a job are put in the same group that does need assistance and are taught how to make phone calls; how to go through the yellow pages; and how to read the "want ad" section of the paper. It's like putting a college graduate in a class with fifth graders.

— Many persons in EPP/EWEP do not need work experience. They need real non-welfare cycle jobs or retraining! EWEP does neither.

— EPP/EWEP recipients are forced to spend their meager AFDC funds to meet the high cost of EPP/EWEP participation.

— EWEP participants are assigned to an EWEP site to do one thing but end up doing something else.

STATISTICAL ANALYSIS OF THE SAN DIEGO WORKFARE PROJECT

The San Diego work experiment is composed of two (2) primary components: (1) the Employment Preparation Program; and (2) the Work Experience Program.

The Employment Preparation Program is targeted towards helping AFDC applicants getting off of welfare while their application is being processed.

The Employment Work Experience Program (EWEP) is targeted towards two-parent families, which has been expanded to single parent families during the summer of 1983.

Table #1 examines the impact that this program has had in San Diego program upon the number of applications that have been approved for the AFDC program compared to the rest of the state.

Table #2 examines the San Diego County AFDC-U caseload with the statewide AFDC-U caseload.

OUR FINDINGS SHOW THAT THERE HAS BEEN NO SIGNIFICANT DIFFERENCES BETWEEN THE STATE-WIDE CASELOAD MOVEMENT IN THESE CATEGORIES AND THE CASELOAD MOVEMENT IN SAN DIEGO COUNTY.

These findings support CCWRO's position that *welfare recipients generally find their own jobs without "government intervention"* and these programs really do not effect the caseload in any meaningful way.

TABLE #1

EFFECTIVENESS OF
THE EMPLOYMENT PREPATION PROGRAM (E.P.P.) IN
SAN DIEGO COUNTY

Applications Approved

MONTH	STATE-WIDE	SAN DIEGO COUNTY
7/82	22,922	2,002
8/82	24,676	2,759
9/82	25,558	2,753
10/82	25,909	2,474
11/82	24,249	2,469
12/82	27,737	3,845
1/83	25,269	2,711
2/83	24,140	2,584
3/83	28,596	3,675
4/83	22,024	2,210
5/83	22,594	2,591
6/83	24,257	2,983
7/83	22,818	2,438

TABLE # 2

EFFECTIVENESS OF THE SAN DIEGO WORKFARE PROGRAM

AFDC-U Cases

MONTH	STATE-WIDE	SAN DIEGO COUNTY
7/82	78,597	6,194
8/82	79,749	6,374
9/82	79,301	6,457
10/82	78,384	6,386
11/82	79,142	6,362
12/82	82,227	6,605
1/83	85,452	6,784
2/83	86,743	6,664
3/83	89,703	6,933
4/83	90,296	6,921
5/83	89.703	6,737
6/83	85,983	6,537
7/83	84,026	6,408

RECIPIENT IMPACT STATEMENT

ON
SAN DIEGO COUNTY
WORKFARE PROGRAM

APRIL 1985

COALITION OF CALIFORNIA
WELFARE RIGHTS ORGANIZATIONS

TABLE OF CONTENTS

Introduction 1

Executive Summary 2

Pregnacy and Workfare 4

Workfare and Shoes 6

Workfare Mess 7

Workfare and Sanctions Go Hand in Hand 8

Workfare and College 9

Workfare and Training 10

Legal Analysis of the San Diego County Workfare Program 12

Conclusion 16

INTRODUCTION

This is the second report prepared by C.C.W.R.O. in cooperation with the San Diego County Welfare Rights Organization and with the legal assistance of the San Diego County Legal Aid.

The California Rural Legal Assistance Foundation has also contributed to the preparation of this report with their technical assistance in Sacramento.

Special mention should be extented to Colleen Fern of Legal Aid and Merkel Harris of Welfare Rights for their tireless work in gathering the case examples and preparing the legal analysis herein.

Most of these cases are mere examples of what is happening in San Diego County on a more wide spread basis.

We hope that this will be the last report that we would have to release to our readers.

EXECUTIVE SUMMARY

Workfare in San Diego County is held up as an example for California and the Nation. But, as the following case histories show, workfare raises serious legal problems and many times causes needless human suffering among sanctioned recipients and their familes.

Although the final Manpower Development Workfare Report on the San Diego County Workfare Project has not been published, recent reports demonstrate that, comparing the program costs with the actual welfare grant savings, the program is not cost effective.

The MDRC report's strained cost benefit analysis of the San Diego Workfare Program managed to conclude that the program was cost effective, but only because it unrealistically characterized the program's "free labor" as a benefit it provided. The "free labor" received by various county agencies and nonprofit organizations cannot accurately be considered a benefit. If it were not so characterized by MDRC the workfare program would fail even the MDRC's cost effectiveness analysis.

Moreover, workfare has been ineffective in reducing San Diego's AFDC caseload. A comparison of the statewide AFDC caseload with that of San Diego during the period covered by the recent MDRC report shows that San Diego's caseload is higher than that statewide. (See Chart #1)

The following report conveys six recent case histories of San Diego County workfare particiants. Four of these cases went to WIN hearings because the County and E.D.D. maintained that their action was correct and could see nothing wrong with what had happened to these participants.

1. A pregnant woman who by state law is exempt from participation the WIN program was sanctioned for three months allegedly for noncooperation with the San Diego workfare program.

2. Another AFDC recipient, who was participating in the workfare program, was referred to a hospital to do her workfare assignment. When she arrived at her work assignment she was informed that she could have a full time job if she had shoes necessar/y for that type of work. Although she informed her worker,nothing was done and for want of a pair of shoes she lost her opportunity for a real job.

3. Mr. J., who used to teach Job Search Workshops for E.D.D. was referred to the Job Search Workshop. He informed his worker that participating in the workshop would probably be a waste since he taught a workshop as an employment counselor in 1982. Instead he asked if he could get some training and was referred to training. Despite the fact that he enrolled in training course he was referred to by San Diego County, he and his entire family, were sanctioned for failure to participate in the Job Search Workshop for three months.

4. Ms. F. was required to participate in the workfare program. After going *to the job search workshop program for one week she became ill with pneumonia. She told her worker and had a doctor's verification of her illness. Then suddenly six months later for no apparent reason, she received a notice from the county informing her that she would be sanctioned for three (3) months for failure to participate in the workfare job search program.*

5. Ms. Z. is a college student trying to get an education to get off welfare. On October 5, 1984, she went to see her worker and her education was approved until 12/15/84, as a WIN training program. She received a letter on 12/12/84 stating that she would be sanctioned for three months because she failed to appear for a job search workshop.

6. Ms. C. has a physical disability with her neck which caused her to lose her job as a nurse's aid. When she applied for food stamps she was placed into the Food Stamp workfare program. She was referred to a library to work as a library aid. She enjoyed that job and the people at the library liked her. When she became eligible for AFDC, the AFDC workfare people decided to refer her to another location for workfare. The new location required physical work of the sort her doctor's statement precluded her from doing. Notwithstanding the doctor's statement, the AFDC workfare people refused to refer her back to the library, where they had indicated they would be glad to have her back.

The following pages are the case histories of the cases mentioned above.

I

PREGNANCY AND WORKFARE

Ms. S. is pregnant. The babies are due by Caesarean on February 16, 1985. She is expecting twins. The pregnancy has not been easy; as a matter of fact, it has been accompanied by extreme physical discomfort and vomiting well past the first three months. This physical discomfort, however, pales in comparison to the emotional stress caused by Workfare sanctions suffered since November of 1984.

Even as of this date (January, 1985), she still does not receive Welfare. Why? Because WIN deregistered her back in September 16, 1984 in spite of the known fact that she was five month pregnant at the time!

Apparently, Ms. S. was deregistered from WIN on October 16, 1984. She has no recollection of receiving a Notice of Action telling her of this action. She had told Welfare of a change in address, although there was no notation in the file to this effect. She does remember, however, that there were three workfare meetings in September or October. She called on several occasions and told them that she was pregnant and very sick and, therefore, could not go to the meeting. Apparently, she was later told, she didn't call the right person.

Then on November 20, 1984, she received a "memo" from the Welfare Department stating that she would receive no aid for three months. Her pregnancy was a fact documented in the welfare file at the time. She never received a required formal notice of action clearly stating her appeal rights. There was no reason given for the ***sanction.***

She appealed the WIN action on December 18th to the Mission Gorge Office, which turned out to be the wrong office. She appealed the action once again to the Broadway office. By this time Ms. S. had a representative from Legal Aid.

Only two (2) days before her WIN hearing, Ms. S. told Legal Aid that her hearing was on January 24th. Her authorized representative was surprised that WIN did not notify him of the hearing date, which always happens with welfare hearings. (WIN hearings are conducted by the Unemployment Insurance Board. This will stop beginning July 1, 1985.)

Her authorized representative had two (2) welfare hearings conflicting with the WIN hearing and requested that the WIN hearing be postponed for good cause. This request was flatly denied. With great inconvenience to other welfare clients, appeal workers, and hearing officers, her representative went to the WIN hearing. There was only one file available that was prepared by the WIN representative. It was shared by the judge, both representatives, and provided only at the last minute. Of course, the timeliness of Ms. S.'s request for WIN hearing was at issue. It was argued that she did not appeal within ten days from the date on the Notice of Action that WIN claimed to have sent to her.

The above hearing description pertains only to a WIN hearing. Her Welfare hearing is scheduled for February 4, 1985. There, it is sure to be claimed that the issue was decided on the WIN side and Welfare has no jurisdiction to hear the issue. Thus, assuming this to be case, pregnant Ms. S's termination from welfare will be upheld for a full three months, with no Notice of Action and no opportunity for a hearing to contest the action, in spite of the fact that she is fully exempt from ever registering with WIN.

It appeared that everyone was aware that Ms. S. was pregnant and exempt from WIN registration. She did not have to "come in" to tell them as contended. She was sick, vomitting and uncomfortable with twins. Meanwhile, she has been deregistered by WIN and sanctioned by Welfare for not cooperating with Workfare requirements. She has received no aid since December 1, 1984, with no Notice of Action.

P.S. The good news is that Ms. S won her WIN hearing on January 31, 1985. She was ordered reregistered and, should be reinstated to AFDC. The bad news is that it is too late. She is being evicted and had twin girls on February 7, 1985. In addition her utility was shut off for February 8, 1985, one day after the births.

All this struggle because she was pregnant and was forced to prove her obvious exemption at the hearing. Workfare would not change its position even at the hearing until ordered to do so by the Administrative Law Judge.

II

WORKFARE AND SHOES

> "A horse, a horse, a kingdom for a horse.", Shakespeare, Henry IV.
> "Shoes, shoes, an independent life for a pair of shoes." Ms. E., San Diego County Workfare participant.

She came about a completely different problem, but those shoes became the focus. Actually, she called because there was absolutely no food in the house, the kids (5 and 6 years old) were hungry and she just found out that the food stamps would not arrive for two more days....maybe four. Here she was at Workfare and had to think about how to get food for the kids for the next few days.

The food problem was eventually solved, but those shoes! What did she mean about a great job if only she had a pair of shoes?

It seems that Ms. E. was sent to Workfare in October of 1984 and assigned to a hospital. This was fine with Ms. E. because she had 13 years of experience as a hospital cook. She checked with her worker to see if she would need any special clothes and was told she needed none. Unfortunately, this was not true.

When she arrived at the hospital, her supervisor told her that a full-time, full paying job (not Workfare) was available in the hospital kitchen, however she would need some shoes other than tennis shoes and a nice pair of slacks. "But", she protested after her initial ecstacy, "I only have tennis shoes right now. I can get better shoes after I am paid." The rules, however, required that all cooks dress nicely and alike.

She told her eligibility worker about the shoe situation and was told that this was a shame. The site supervisor said that she hated to see her go because of her experience.

So, for want of a pair of shoes, she was assigned to the recreational department of the hospital. There her tennis shoues apparently were and are acceptable. She still works for free at the center and it was from there that she called legal aid, angry and frustrated over the most pressing problem...food stamps. But those shoes that stood between her and a full-time job spilled over, and almost, but not quite, stamped out her spirit to survive. Isn't is ironic that, but for those confounded shoes, they could be eating off of a full-time paycheck?

Mr. E. is a full-time Workfare participant. Her children are 5 and 6 years old and she works for her benefits. She walks to work for 30 minutes each way. Her work is approximately 13 blocks away. She was told that she could receive car fare to go to work, but not ahead of time. Therefore she walks. She cannot afford car fare. Childcare is not provided because her husband is ostensibly in the home.

III

WORKFARE MESS

Mr. and Mrs. J. are very familiar with the effects of Workfare; so are their children, ages 2 & 8. The entire family received a notice that they would be sanctioned and receive no aid for a full three (3) months because of Mr. J.'s alleged non-cooperation. Having taught Job Search Workshops for WIN and having been a counselor in employment cases in 1982, Mr. J. was shocked to find his family in such a situation.

It all started in May of 1984 when Mr. J. was evaluated for the WIN/Workfare Program. He was told that he qualified and must attend the Job Search Workshop. He told his eligibility technician (ET) that he knew all about the Job Search Workshop because he had taught it. What he really needed was training to get a job. She understood and said that the local community college had WIN-approved training programs. She told him to talk to the college about a training program.

He did this quickly. He was evaluated and sent to a training program for motel and hotel management. He did not go to the job search phase of Workfare because his ET, who all clients see as the last word, had referred him to a WIN-approved training program. He called one of his workers from EDD and told him of this situation. (There are at least four (4) people working with every client in Workfare: the Social Worker, who works at EDD: the Job Counselor who works for EDD; the Evaluator, who evaluates Workfare participants and decides whether they qualify for Workfare; and finally the ET, who works for the welfare department and has the awesome power of cutting off AFDC benefits. San Diego County insists that a Workfare participant contact a certain one of these workers for a certain problem and failure to contact the right worker results in a sanction. This is what happened to Mr. J.)

Then, in July 1984, only two (2) months later, WIN/EDD told him that he would be deregistered for failure to cooperate with their Workfare program. He went to a hearing regarding this matter and told them of his WIN-approved training program in which he was involved at the time. The Job Counselor was at the hearing and said that it was too late to approve the training program now, although, the inference was that it could have been approved earlier had he contacted the Job Counselor in lieu of the ET. Therefore the WIN sanction was upheld by the Administrative Judge and Mr. J. was deregistered for three (3) months.

IV

WORKFARE AND SANCTIONS GO HAND IN HAND

Ms. F. was required to join Workfare in July of 1984. She attended one week of her Job Search phase, but missed the second week because she had pneumonia. She had a doctor's verification of her illness. She called her EDD worker and told him. (Again, as we indicated above there are three (3) workers that the participants deals with and there is only one file, thus the county contended that there was nothing in the file indicating that she told EDD of her illness.)

There was no word from Workfare for the next three (3) months. Then on November 27, 1984, Mrs. F. received two (2) Notices of Action. One stated that her WIN status has been changed from Job Search Work (JSW) to Work for Benefits (EWEP). The second Notice of Action notified her of an EWEP appointment on December 19, 1984.

When she arrived for her EWEP appointment on December 19, 1984, she was told to report to the Catholic Community Services on January 8, 1985, to work as a clerical assistant.

Out of the blue, on January 3, 1985, she received a Notice of Action terminating her from aid for three (3) months. She had been deregistered from WIN because she allegedly failed to cooperate.

Then she was hit with another Notice of Action. On January 10, 1985, she received a letter telling her to report to Workfare for her Food Stamps or, again she would be terminated from aid for three (3) months. Surely, she thought the Workfare requirements had become quite messed up.

Ms. F. personally went down to the WIN office hoping to clear up this entire mess. Instead, WIN denied they ever sent her any Notice of Action on November 27, 1984 and insisted that they had tried to conciliate with her. In addition, they claimed that they sent her a Notice of Action telling her that she was going to be deregistered. Finally, she was told there was nothing she could do about her termination and her intent to seek legal representation was discouraged.

Nevertheless, Ms. F. went to Legal Aid, whereupon a WIN hearing and a DSS hearing were promptly requested.

On the surface, this harsh Workfare sanction seems a simple matter to clear up. After all, a doctor verified her illness and she duly reported this fact. But, to whom does one tell such factors. Should she tell the Social Worker, the Job Counselor, the Evaluator or the ET? Welfare doesn't even know for sure. It's a sure bet that this client didn't either until, of course, two three-month sanctions (one for AFDC and one for Food Stamps) hit her in the face and she was told "there is nothing you can do."

V

WORKFARE AND COLLEGE

Ms. Z is a full-time college student taking 18 units a semester. She is moving

Ms. Z is a full-time college student taking 18 units a semester. She is moving full steam ahead so she can graduate in August of 1985. However, if WIN has any say about it, she will drop out of school. WIN has known about her school attendance ever since 1982. During this time the office only sent her a card now and then asking for an update of her activities. Suddenly, in late 1984, WIN decided to oust her from school.

It was in August of 1984 that she was asked to come in to be evaluated for the WIN controlled Job Search Workshop of Workfare. Then on October 5, 1984, she was once again asked to come in for an interview regarding the WIN approval of her school training. As a result of this interview, she received a letter stating that her school was approved as a WIN training program until December 15, 1984. At that time, she was told that she would be subject to another interview to update her activities and to decide if her training should continue to be approved.

Then, suddenly, on December 12, 1984, two days before the completion of her approval, Ms. Z. received a Notice of Intended Deregistration stating that she would be deregistered because she failed to go to the Job Search Workshop. It stated that she was told of this event in October.

Ms. Z. appealed this action immediately and Legal Aid agreed to represent her at the WIN hearing. At the hearing, on January 31, 1985, Ms. Z was told that WIN wanted her to attend the two (2) week Job Search Workshop. It was stated that Workfare requirements for women such as herself hardened in August of 1983.

The Administrative Law Judge pointedly asked the WIN appeal worker if she would be willing to conciliate right there at the hearing. This conciliation effort had not been done earlier as required by federal and state law. WIN refused to do so stating that such conciliation must be done within 30-days of the Notice of Intended Deregistration. WIN's own error in failing to timely initiate conciliation efforts was used as a basis to ignore the legal requirement that conciliation be done at the hearing. Ms. Z. offered to attend the Job Search Workshop during her Spring break, but her offer was spurned.

***This is an example of how the good intentions of many legislators regarding Workfare becomes twisted at the actual administrative level.** Many people have been concerned that college women were required to quit school because the registration for WIN meant mandatory Workfare in San Diego County. Because of this concern, college students were exempted from participating in the Workfare program by state legislation. In reality, however, WIN interprets the new rule to mean that they can insist that college students join the Job Search Workshop portion of Workfare. Indeed, students are forced to do so. Such a choice is ironic because it yanks them from school and plunges them into Workfare with its make-work requirements and its low-paying, no benefit Welfare cycle jobs. Thus, the purported protection, is totally ineffective.*

VI

WORKFARE AND TRAINING

Mrs. C. worked as a nurse's aid for 17 years. Then one day she injured herself severely trying to lift an old person. From that time on she could not work because of a neck injury although she tried to do so and even took classes. She had to go on AFDC for herself and her son. While she was on Welfare, she received what seemed to be a good fortune. She received a lump sum Worker's Compensation benefit in settlement for the injury to her neck. The money was spent on back bills, loans and necessities so she could catch up. This, however, turned out to be devastating. From June 1983 until January 1985 there was no aid for either the mother or the child until their ineligibility period ended. She lived with her husband for some time and then he left them. When she tried to get back on aid it was impossible because of the lump sum rule.

Mrs. C. stayed with her poor, aged mother who received only SSI. She went to work for food stamps. For food stamps it was necessaary that she join Job Club, go to a class and then to a job site. During her job search, she was unsuccessful in finding a job because of her neck injuries. She had a difficult time even typing. She was sent to work for her food stamps at the local library under the Workfare Program. There she felt that she could keep up with the work. She gained a sense of self-worth because she felt she had found work she could do.

Once again it seemed that good fortune came Mrs. C's way. As a plaintiff in the Stephens v. McMahon case, she did not have to wait for benefits until the end of her ineligibility period. The Court ordered that she and her son be placed back on Welfare and that they receive retroactive benefits for the Welfare they were denied. Her Worker's Compensation award was deemed to be a resource and not income subject to the lump sum income rule. This was good for Mrs. C. and her son.

However, the new case worker in her AFDC program insisted that she go through Workfare (WIN) all over again. Her psychiatrist , whom she had seen for over a year, stated that it would be best if she could go back to her old work site. Nevertheless, the case worker would not accept the psychiatrist's letter unless it stated that Mrs. C was totally disabled. Now it will be necessary for her to call up the same people that she called already had in the job search phase. Mrs. C feels that Workfare is out to find you a job, any job. Perhaps some people need special training. It was, as she said, "so disappointing for Welfare to do this to her." "Why" she asked, "must I go back into the classroom?"

Her hope was always to be hired at the local library. They all knew her name... employees and customers alike. She felt as though she could handle the work in spite of the problem with her neck. She wishes that she would be allowed to continue with this training.

She was told that, if the expected money came through, there would be openings for library aids. Now they will probably hire someone else in their training program. Workfare's overtly rigid procedures denied her this opportunity to work for pay.

She doubts, however, that she will ever be put back in the library again. Her worker has threatened to sanction her if she doesn't join the new Workfare assignment.

It is interesting to note, that when Governor George Deukmejian visited the San Diego County workfare program and talked to the Workfare participants the primary message that they conveyed to him was that ***"we want training to get a job and get off of welfare".*** *Surely the Governor left knowing that what is really wanted by the people participating in the Workfare program is training and not "workfare".*

LEGAL ANALYSIS OF THE SAN DIEGO COUNTY WORKFARE PROGRAM

The cases revealed in this report expose a vast array of legal problems, besides the "human" problems. The human problems are clearly reflected in the cases setforth above.

The legal problems which are yet to be litigated. (C.C.W.R.O. is preparing a law suit as this report went to the printers on many of the legal issues mentioned herein and representing some of the recipients you have already read about.)

1. CONCILIATION OF DISPUTES

According to federal regulations (45 CFR, Section 224.63(a)) and state law found in Unemployment Insurance Code, Section 5302 (b) and 5304(a), E.D.D. must exhaust efforts to resolve disputes before it issues its notice of intended deregistration. This requirement was ostensibly expanded and strengthened in July of 1984 in Chapter 268, Section 31.95 of 1984 Statutes. It appears that, if the requirement were met, the sanctions for pregnant women and innocent children could be avoided. In addition, clients should be contacted or called regarding the deregistration, 45 CFR 224.63 (a)(7)(3). In our experience, EDD personnel never contacts the person they are deregistering. In view of the fact that conciliation is never offered in our experience, it is understandable that they would also fail to personally contact the client for possible explanation of the imminent deregistration. This would have helped in Ms. S's case because she was five months pregnant and sick with twins.

2. WIN NOTICES OF DEREGISTRATION

All the notices should tell in detail why the person is being deregistered, 45 CFR § 224.63(b)(1); Unemp. Ins. Code § 5304(b)(1). This notice should issue only after conciliation efforts have been exhausted, 45 CFR § 224.63.(a); Unemp. Ins. Code § 5304(a). It should clearly stress that the consequence of deregistratin is termination from aid. It should instruct the client and give him /her forms to file for a fair hering. Clients do not have to request the hearing forms as stated in the Notice of Action. The forms should be mailed to them, 45 CFR § 224.63(b)(4); Unemp. Ins. Code § 5304(a)(4).

In WIN hearings, time is of essence. WIN must notify the registrant of the intended action personnally or by phone 45 CFR § 224.63(b)(5). The notice should offer to assist in preparing the request for hearing, Unemp. Ins. Code § 5304(b)(5). All of our clients have received WIN Notices of Action stating *their intent to deregister. None of them met the requirements above. Not only was there no conciliation effort, it did not clearly tell them that deregistration will definitely cut them off aid. Forms for filing a fair hering were never sent. Instead, they were told to request them. Nor were any of them ever personally contacted about the action. Even those that called in , were given no assistance in filling out the forms. Since WIN gives them only ten days from the date of the Notice, they have five work days at the most to properly request a hearing or they will be deregistered and thus, terminated from aid. Time is of the essence. There is no time to call an available worker or write for forms as suggested. The Notices of Intended Deregistration are grossly inadequate. Also, Notices of Action regarding deregistration could tell the client that they are deregistered because they are exempt, 45 CFR § 224.63(c)(2); Unemp. Ins. Code § 5304(c)(2). This too could have happened in Ms. S's case. Thus, there would have been no basis for a termination hearing.*

3. REQUEST FOR HEARING

This request may be oral. 45 CFR § 224.64(a); Unemp. Ins. Code § 5305, and the department must prepare the forms for the client. 45 CFR § 224.64(a); Unemp. Ins. Code § 5305. Any statement questioning the proposed action is an oral request for a hearing and sparks the duty of the worker to prepare a form for a hearing. Unemp. Ins. Code §§ 5300 et seq., 5305, 5304(b)(5); Welf. & Inst. Code § 10500; MPP §§ 22-017, 22-003.2, 40-107.11 and 40-107.5. In our experience, a person's expression of dissatisfation has never inspired a worker to prepare the hearing forms for the client.

4. NOTICE OF WIN HEARING DATE

Scheduled hearing dates should be mailed to the Authorized Representative (other party) as well as the client. 45 CFR § 224.66(a); Unemp. Ins. Code § 5307(a). Our Authorized Representatives rarely receive notice of the client's hearing date or get a copy of the client's hearing decision.

5. POSTPONEMENT

Hearings may be rescheduled at the request of the client or his Authorized Representative. 45 CFR § 224.67(b); Unemp. Ins. Code § 6307(b). This is not arbitrary, but discretionary and should be rescheduled with good cause. If postponement is arbitrary and only for the purpose of delay, then there should be no rescheduling. Unemp. Ins. Code § 5309(3)(d). Otherwise, it is allowed. In our experience, WIN postponements may be denied even in the face of good cause.

6. CASE RECORD

The client's case record should be available for inspection and copying before or after the hearing if the client requests. 45 CFR § 224.67(f); Unemp. Ins. Code § 5308(b). The entire case record should be available and not just one that has prepared by the opposing side. Goldberg v. Kelly, 397 U.S. 245 269 (1970). Just as in Welfare hearings the client should not be charged for copying documents from the case file for the WIN hearing. 45 CFR § 224.60(b); Unemp. Ins. Code § 5300. In all WIN hearings, access to the client's full case record has been accomplished only through great insistence. Even so, the examination is carefully and closely monitored by WIN personnel. Clients can be charged for copying documents from their file at 25¢ per page.

7. POSITION STATEMENT

WIN is required to follow the same hearing procedures as the Welfare office. 45 CFR § 224.60(b); Unemp. Ins. Code § 5300. Therefore, WIN should clearly state the evidence they intend to use in the hearing by supplying a position paper within two days of the WIN hearing. Welf. & Ins. Code § 10952.5; MPP § 22-023.25. If they do not timely supply the required position paper, it is good cause for postponement. There was no position paper in any of the above cases. There has never been a timely paper in any of our WIN hearings. Postponement in one case was flatly denied, even though no position paper was prepared and other hearings conflicted.

8. CONCILIATION AT HEARING

The Administrative Law Judge "shall" resolve the dispute at the hearing if feasible. 45 CFR § 224.67(g); Unemp. Ins. Code § 5308(c). This conciliation could have been done at Ms. S's deregistration hearing as she is exempt from registration. It also could have been done in Mr. J's case to find that his training was WIN approved, then his children would not find themselves on the sanction list for three months. In reality, conciliation at hearing may occur but only if the authorized representative requests it.

9. SANCTIONING INNOCENT CHILDREN

Workfare sanctions are even applied against the innocent children of recipients, if the recipient's alleged failure to cooperate comes within the first three weeks of the WIN-controlled Job Search part of workfare. That is when most alleged failures to cooperate occur. But the children do not have to suffer the sanctions if the alleged failure occurs during the later three months EWEP portion of workfare. Whether the Legislature intended it or not, workfare sanctions those children with two parents in the three week Job Search portion of workfare from all aid along with their allegedly guilty parent. The Legislature's intent to avoiding sanctioning innocent children has been thwarted. Chapt. 268, Sec. 46.5 Stats. 1984 codified in Welf. & Inst. Code 11311(i).

10. WORKFARE WITHOUT TRAINING

Supposedly the purpose of Workfare is to acheive the eventual employment of the unemployed parent. Welf. & Inst. Code § 11311(f)(i); Unemp. Ins. Code § 5001. But without suitable training, Workfare merely keeps unemployed parents in low-paying, dead-end, make-work jobs. The system is geared to keep AFDC parents (mostly mothers) at the bottom rung of the economic ladder.

The goal of permanent employment has been lost in the maze of workfare procedures. That is especially illustrated by the woman who lost a full-time job because she couldn't get a pair of shoes. The same goes for Ms. C. who was not allowed to stay at her former worksite even though the prospect of up-coming permanent employment there seemed high. In both cases rigid rules prevailed over excellent chances of employment.

The two aspects of workfare that appear to be most undesirable to participants (all of whom want to work at dignified family-supporting jobs) is the lack of voluntariness and training. Participants want to be trained for non-welfare cycle jobs to support their families. The mandatory nature of the program is based on the false myth that welfare women are lazy and must be forced to work. This causes understandable resentment among participants.

Training should be offered at the beginning of workfare not at the tail end only for those participants who couldn't find a job during any other part of the system. The training should be for skills which will qualify them for decent-paying, long-term jobs. Women without training will be forced to take any job.

11. COLLEGE AND WORKFARE

Formerly college women on AFDC were automatically required to participatre in workfare which usually required dropping out of school no matter how close they were to graduation. The Legislature recognized that this was unjust and both the Chacon bill (Chpt. 1315, Stats. 1984) and the Trailer bill (Chpt. 268, Stats. 1984) exempted college women; from workfare but the Legislature's intent has again been thwarted because it have been interpreted not to apply to the initial Job Search Workshop portion of workfare. The Legislature's attempt to protect college women has become meaningless since college students cannot afford to miss two weeks of school. They are forced to make a choice between school and threee months without benefits.

By forcing women to join the non-exempt portion of workfare (Job Search), they render each client's exemption from the job work portion (EWEP) meaningless. This appears to be solid policy. The practice is pervasive. Workfare should be training participants for non-welfare cycle jobs that will support a family. But instead workfare only punishes those who seek a college education to obtain that badly needed training.

12. WORKFARE AND LATCHKEY CHILDREN

Certainly, the issue of childcare has never been adequately addressed. 45 CFR § 224.34(a)(4). How can masses of women responsible for the care of children be out in the workplace without adequate childcare? Workfare partially deals with this problem by requiring only women with children over six to work. But there remain thousands of 6,7, 8 (etc.) year old latch key children who must forego adequate care and attention because their mothers are forced to work for AFDC benefits. The everyday expenses of working (childcare, transportation, suitable clothes or equipment) should be provided to workfare participants upfront because recipients cannot be expected to absorb those costs from their already meager welfare budget.

CONCLUSION

Similar problems occured in the workfare reports of over one year ago. (CCWRO's 1984 Report on the San Diego County Workfare Program) History Recurring problems exist in all workfare areas.

As you can see, the problems of workfare are enormous. To force thousands of women to provide free labor in the marketplace carries much responsibility. This includes the responsibility for the children they would otherwise be caring for. It requires a sensitivity toward the ultimate goal of employment for participants. Otherwise the workfare system can merely operate to keep women down on the bottom of the economic heap.

It requires concern for women who have shown the initiative to seek self-improvement through a college education. Finally it requires appreciation of the constitutional, due process rights of workfare women. Virtually, all workfare women are subject to termination from welfare without timely and adequate pretermination notice. To punish innocent children for the alleged noncooperaton of their parent is unconscionable. To do so without adequate and timely notice is unfathomable.

Workfare must overcome all of the aforementioned problems before it can perhaps work in a humane fashion. However this will never happened because the program operates with negative incentives-punish those who allegedly fail to cooperate-use the "stick" at all times. Maybe some day the proponents of workfare would understand that "sugar" works best in America and the idea of using the "stick" has never been succesful and never will be.

Finally, C.C.W.R.O. has adopted a set of parameters to test any proposed employment program in concert with various other groups who are concerned with the plight of the poor families and their children. Most employment related programs introduced in 1985 fail to meet the provisions of this document which is attached hereto and marked "#2".

Mr. Aslanian. This basically illustrates the types of people who are victimized by this program. For example, there was an illiterate man who did not read or write. He did his job search and his workfare assignment. During his workfare assignment his father had a stroke, and he went to see his father. His wife told the county welfare department about this. When he came back, the entire family was sanctioned for 3 months. They got nothing for 3 full months.

In another situation, a gentleman was ordered by the court to do a work assignment. He told the welfare department, "Is that OK?" The welfare department said, "Fine." After he did it, about 1 month later he got a letter from the county welfare department saying that he is going to be sanctioned for 3 months. There are a number of other cases similar to that, which are covered in the study.

On the California workfare program, we would like to say that the San Diego workfare program is a jewel compared to the California newly enacted workfare program.

As you will see in my testimony on pages 2 and 3, there is all the opposition. There was widespread opposition to this bill. It should be noted as to who this program would help. As you know, in AFDC the average stay on welfare in California is 2 years. After 2 years most people get off welfare; 97 percent of the people, through all kinds of studies, show that they would rather be working than be on welfare. There is a certain percentage of people who stay on welfare, and guess what? The administration, certainly in the L.A. Times article on July 19, 1985, stated that 15 percent of the people would have to do workfare for the rest of their lives.

So, this program has come up front saying, "Hey, we aren't going to help those long-term people, those people who are in the poverty cycle." For those folks it is workfare for life. Now, for the other folks who would get off of welfare anyhow, we are going to put them into this program and we are going to take credit for it. That is basically what this program is all about.

Choices: There is an allegation that this program provides people with choices. There is no choice in this program. You do what your workfare worker tells you to do.

Child care: There is an allegation that this program would provide child care. It only provides child care if you participate in the program. We have had a number of instances where persons who are doing job search, they go out there, find a job, and then they call their worker and say,"Well, look, I found a job, I need child care."

He says, "Gee, I'm sorry, there is no child care."

He says, "What do I do?"

"Well, you don't take the job and you want to be sanctioned."

"What do I do tomorrow?"

"Go back and look for work again."

That is a meaningless job search activity. It is stupid. I don't understand it. I guess the only remedy for that is to make sure that before the person participates in the Job Search Program, the welfare department should be required to determine that they have full-time child care available for them.

Then the California program provides training and education, and if you read the bill it says we are going to train people and educate people for the types of jobs that are mentioned in the county plan. Then we look at the current county plan, which we have analyzed, and guess what kind of jobs people are going to be trained for and educated for? General clerk, PBX operator, sales cashier, waiter, short order cook, kitchen helper, securities guard, nurses' aid, orderly cleaner, janitor. For these types of jobs you don't need education and training. Most of us started off doing these kinds of jobs.

On the cost-effectiveness of the program, it is very enlightening. What we did, I did some work a couple of days ago, went down to the State employment agency and looked at how much it was costing the WIN Program in Kern County, and how much the Kern County plan would cost the taxpayers and Californians to run the Kern County plan. It is on page 5. For example, in Kern County, because of the workfare program, there will be 52 percent more participants, but the workfare bureaucracy would increase by 631 percent, and the cost will increase by 1,781 percent.

In Fresno County, there will be 26 percent more participants. There will be 343 percent more work for bureaucrats. It will cost the taxpayers 1,693 percent more money to run this program, and they will get 84 percent more jobs than with WIN. So, clearly, if this program works, it works for one person, that is, the workfare bureaucrat.

On the recommendations, I think it is very important that child care for full-time employment be provided before anybody is assigned into job search. New York is a classic example; the guy was up here saying, well, the way we operate the child care system—you weren't here—he said, "The way we determine child care, a person comes in and we say, "You haven't got child care?"

"No."

"Go out for 3 weeks and find child care. If you don't find child care within 3 weeks, we put you in workfare."

So people are punished for failing to get child care. And after you come in and tell them that you have child care, they don't care what kind of child care you have. I asked the guy, "Do you verify that they have real child care?"

"Oh, no, we don't care. "

Mr. **Matsui**. Do you think the status quo is sufficient or do you think we should change the status quo?

Mr. **Aslanian**. We have specific recommendations about changing the program.

Mr. **Matsui**. No, not the California program. I am talking about prior to the so-called California Workfare Program.

Mr. **Aslanian**. Oh, the whole system?

Mr. **Matsui**. Yes.

Mr. **Aslanian**. I think everything could be improved.

Mr. **Matsui**. Would you urge incentives or do you think it should be the system as we knew it in 1983 or 1984?

Mr. **Aslanian**. Everything can be improved. There is nothing that has reached its zenith. I get very upset when people say welfare doesn't work. There are thousands and millions of children who would be dying if it wasn't for the AFDC Program. Of course it could be better. For example, in our recommendations we suggest that people could be subjected to a 3-week job search. Before they get into that Job Search Program, however, you have to guarantee that they have child care for full-time employment. Otherwise they are deferred.

They should only be required to do five job contacts a week. After job search, they should be able to make a self-assessment themselves. If you want people to become self-sufficient and become independent, then you should give them the opportunity to exercise their self-sufficiency and independence, and that is not done by giving all the flexibility to the State and the county agencies, and no flexibility to the clients, which is what everybody talks about, flexibility to the State, flexibility to the county, and obedience by the recipients. Then after the recipient has been so obedient and so nice, and then they wonder how come they can't be self-sufficient.

Our recommendation is that they should do their own self-assessment, decided which component they want to participate in, have a right to change, to ask for a different component if they don't like it, and upon completion of that component it should be over just like the San Diego Workfare Program, 3-week job search, 3-month workfare. We also have some specific recommendations on the conciliation process and we have language.

On the sanctions, what we propose is that in America the punishment is supposed to fit the crime. The families that I described, what happened, the father made a mistake maybe. That doesn't justify starving the family for 3 months. That is clearly inconsistent. What is the purpose of the sanction? The purpose of the sanction is to try to get the person to cooperate with the program.

Once the person says, "I am willing to cooperate," the sanction should stop. It should not continue for 2 or 3 more months or 6 months. That is insane. That is crazy. That is because the authority to set the limit has been designated from Congress to the Secretary of Labor and HHS, and you should take that authority back.

Another thing, it is proposed to have the Health and Human Services and the Welfare Agency to run these programs rather than Employment Agency.

First of all, what is this all about?

We try to get people jobs. The welfare department is not the Jobs Department. The Jobs Department is the Department of Labor; the State employment agency.

The other thing is the guy was over here from South Carolina. He said States should have flexibility to be responsive to the needs of the clients.

Well, why can't the clients have the flexibility to decide what they need and then the operators, the program operators, would be responsive to the needs of the clients?

It is always the reverse. It is always that the client has to be responsive to the needs of the States, the program operators, rather than having the State or the program operators be responsive to the needs of the clients.

That concludes my statement.

Thank you for your patience.

Oh, for the record, can I submit my section-by-section analysis?

Mr. **Matsui.** Yes. That document will be received for the record without objection.

[The statement of Kevin M. Aslanian follows:]

WORKFARE —IT ISN'T WORK AND IT ISN'T FAIR

TESTIMONY

BEFORE THE HOUSE WAYS AND MEANS COMMITTEEE

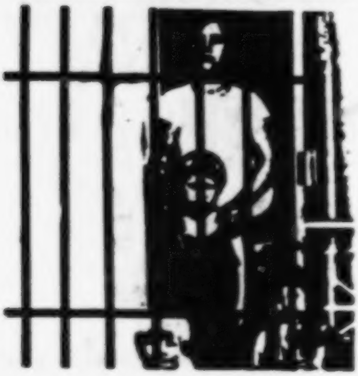
SUBCOMMITTEE ON PUBLIC ASSISTNACE AND UNEMPLOYMENT COMPENSATION

on

WORKFARE PROGRAMS IN CALIFORNIA

KEVIN M. ASLANIAN
Legislative Advocate
COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS
1900 "K" Street , Suite 203, Sacramento, CA 95814
915-442-2901

WORKFARE WILL SENTENCE WOMEN AND CHILDREN TO A LIFE OF POVERTY



As many as 15% of all participants could end up on workfare indefinitely with little likelihood of finding full-time employment, said Carl Williams, special assistant to the director of social services.

Los Angeles Times

July 19,1985

TABLE OF CONTENTS

San Diego County Workfare Program 1

The California New Workfare Program 2

List of Organizations who Opposed the California Workfare program 2

Clarification of Misinformation about the California program 3

Comparing the "WIN" program to the California Program 5

Recommendation 7

Proposed Language for Conciliation 8

Proposed Language for Sanctions 9

Mr. Chairperson and members:

We want to thank you for the opportunity to appear before this Committee and convey the consumers point of view on newly enacted California workfare program and also on the San Diego County Workfare Program.

The San Diego County Workfare program has received a lot of publicity in recent years. Reporters and other interested parties have journeyed to San Diego to see the program from the program operators point of view. Rarely does the other side get the equal time from the press or from the persons coming to San Diego. I guess some believe that the county welfare officials are the spokespersons for the poor, which is far from the truth.

Workfare means more money for county welfare officials and more "misery and pain" for welfare recipients.

The San Diego County Workfare Program is rather simple: a person registers for work, performs a three week job search duty, and if they have not been able to find a job, they perform a 13 week workfare duty.

The new California Workfare Program would require each and every AFDC recipient who is required to register for the program to be "dependent" and subject to "control on a day-to-day basis" by the workfare bureaucrats.

The workfare proponents allege that such control would enhance self-sufficiency of the recipients and their self esteem- a cruel joke.

In our view, the San Diego County Workfare Program is a "jewel" compared to the new California Workfare Program, which punitive in the extreme. At least under the San Diego County Workfare Program, recipients spend only four months having their entire lives controlled by the workfare bureaucrats, whereas under the statewide workfare program, many participants can expect to be under the workfare bureaucrats thumbs for the rest of their lives.

First we would like to talk about some of the misconceptions of the San Diego County workfare program. You have probably heard a lot of talks about the MDRC report which finds that welfare recipients don't mind workfare, that people find jobs, and that it really works.

When we talk to participants of the San Diego County Workfare Program, they don't like the program, but they have to do it and they make the best of it. It is like saying minorities don't mind discrimination. They do, but have to put up with it. Workfare is the same thing.

It is interesting that the first report that MDRC did on the San Diego County program found that when comparing the male control group to the male workfare participant group, the workfare group obtained more jobs. The latest report makes a finding that male workfare participants found less jobs than male participants in the control group.

The first report also stated that female participants in the workfare program found less jobs that female participants in the control group. The latest report reveals that the workfare female participants found more jobs than females in the control group. **There is something definetely fishy about the MDRC reports.**

But what did workfare really do for female participants in San Diego according to MDRC report?

Workfare Women	61% got jobs
Non-Workfare Women	55.4% got jobs

This shows that these glorified job search/workfare programs really don't make a big difference for women.

What workfare does is take credit for jobs that welfare recipients would have otherwise secured without government intervention.

One may say well if workfare doesn't help, at least it does no harm, so what's your problem. The problem is **"Workfare Hurts:.**

Here are some examples of the victims of the San Diego County Workfare Program:

An illiterate person was assigned to the workfare program. After completing the job search portion, he proceeded to the workfare portion of the program. While he has been working off his AEDC benefits, his father had a stroke. He went to see his father. His wife told the Welfare Department but when he returned his entire family was meted out a three-month sanction by the county welfare department.

Another AFDC recipient was ordered by the court to do a work assignment while he was in the workfare program. He called his worker who approved his request to obey the Court ordered work assignment. Later on his worker denied that she approved his participation in the Court Ordered work assignment. His entire family was then subjected to a three month sanction.

A pregnant woman who by state law is exempt from participation in the workfare program was sanctioned for three months for alleged noncooperation with the San Diego County Workfare Program.

Another participant, who used to teach Job Search Workshops for the state employment agency was referred to the Job Search Workshop. He informed his worker that participating in the workshop would probably be a waste since he taught a workshop as an employment counselor in 1982. Instead he asked for and got a referral to a training program. Despite of the fact that he enrolled in the training course he was referred to by the workfare worker, he and his entire family were sanctioned for failure to participate for three months.

We have two prepared reports on the "Victims of the San Diego County Workfare Program" which we respectfully would like to submit to the committee to be a part of the record.

THE CALIFORNIA NEW WORKFARE PROGRAM

Now to the newly enacted California Workfare Program. It should be pointed out that this program was widely opposed in California by most groups concerned about the health and welfare of poor children and the family.

The foregoing is a partial list of organizations that opposed A.B. 2850, which is the legislation enacting the California Workfare program. It was also opposed and continues to be opposed by the chairs of the policy committees of the California State Senate the Honorable Diane Watson and the State Assembly, the Honorable Tom Bates.

THE OPPOSITION TO THE FINAL VERSION OF THE BILL

Coalition of California Welfare Rights Organizations

California National Organization of Women

California Labor Federation,AFL-CIO

California Rural Legal Assistance Foundation

Friends Committee On Legislation

American Civil Liberties Union

American Federation of State County and Municipal Employees

California Food Policy Advocate

California Council of Churches

California State Employees Association

National Association of Social Workers, Inc.

Progressive Democrats

Project Sanctuary

Western Center on Law and Poverty

Protective Council of Senior Californians

California Conference of Catholic Charities

Citizens for Employment Training, Inc.

Private Council of Senior Citizens,Inc.

San Diego County Welfare Rights Organization

People Encouraging People

Welfare Recipients League
United Farm Workers Union- AFL-CIO

In California most AFDC recipients get off welfare after two years. There are a certain number (about 15%) of AFDC recipients who receive benefits for a longer period. We had hoped that these people would be the beneficiaries of this program, but we were wrong. In an article by Los Angeles Times on July 19,1985, Carl Williams, who is in charge of the California Workfare Program stated:

"As many as 15% of all participants could end up on workfare indefinately with little likelyhood of finding full-time employment, said Carl Williams, special assistant to director of social services."

This is very enlightning information because it means that those recipients who would get off of welfare anyhow are the ones the Deukmejian Administration wants to take credit for. They are convinced upfront that the program would not really help those who really need the help to get off welfare.

We would like to clear up some of the misinformation that has been circulating in the press about this program.

NEW OPPORTUNITIES

MYTH: This is not a workfare bill. It provides new opportunities to recipients.

TRUTH: The **lynchpin** of this program is workfare. It is the only new program which will be developed. Workfare is what the Governor wanted. The most likely scenario is that an participant will be assigned to three weeks of job search activities, three months of "short term" workfare, then 90 days of job search, and then, if he or she hasn't found a job, a mandatory one-year of workfare duty.

CHOICES

MYTH: AFDC recipients will have a choice of programs, such as training, education, etc.

TRUTH: The program does not guarantee the recipient a choice of training or education. The county welfare department is required to have **job search and workfare components,** but there is no requirement that all counties offer training and educational opportunities to all participants.

RECIPIENT EMPOWERMENT CONTRACT

MYTH: AFDC recipients will have a right to enter into a contract with the county welfare department. The program empowers' recipients.

TRUTH: The prram takes power away from recipients and gives it to Deukmejian and the workfare bureaucrats. Workfare bureaucrats will tag, classify and choose where people are placed, offer limited options, then punish the children for the parents' noncooperation, the result being that recipients lose control over their own lives and futures.

The alleged contract is merely a document that outlines what the participant must do in order to avoid being sanctioned for up to six months. The contract fails to mandate that recipients will indicate on the contract what supportive services they need, what exemption they wish to claim. Recipients are not given the opportunity to obtain legal counsel to negotiate these contracts.

CHILD CARE SERVICES

MYTH: The program takes care of pecple's child care needs.

TRUTH: The program does not provide that the county welfare department has to make a determination that the participant has full-time child care in case the participant is offered a job, before being required to look for work.

Participants would be required to look for work and child care is limited to while the participant is looking for work. If a job is offered to the participant, and the participant does not have full-time child care, she can refuse to take the job, but would be required to continue to looking for work.

EDUCATIONAL OPPORTUNITIES

MYTH: AFDC recipients will be allowed to complete their college education.

TRUTH: The program does not give the recipient a right to complete his or her education,or the right to receive education. Rather, the bill provides that the county has to determine that the college education will lead to employment in a type of job set forth in the county plan, or provide some kind of verification that the education would lead to employment before the AFDC recipient will be allowed to complete his or her education or to enroll in an educational institution.

SANCTIONS

MYTH: There are so many protections in this program that recipients will hardly ever be sanctioned.

TRUTH: Although there are some protections, given the fact that the program never stops, it offers an host of opportunities to sanction families. The lead author of the bill, Republican Ernest Konnyu stated at a press-conference that over 20,000 families will be sanctioned for up to six months each year.

We believe that the 20,000 a year figure is very low and that there will be many more families losing all of their aid in many cases for up to six months.

TYPES OF JOBS

MYTH: Participants would be trained for jobs that pay a decent wage and would enable them to support their families.

TRUTH: Many of the counties, and some of the county plans that we have seen so far, would provide training and education for jobs such as:

General Clerk

Sales Cashier

Retail Sales/Clerk

Short Order Cook

Security Guard

Orderly

PBX Operator

Sales Clerk

Waiter/Waitress

Kitchen Helper

Nurses Aide

Cleaner/Janitor

TRAINING

MYTH: Recipients would get training.

TRUTH: AFDC recipients are already participating in the various available training programs without being referred there by the workfare buraeucrats. This program appropriates funds for some new training, but the providers of the new training would only receive funding if the welfare recipient who received the training gets a job. If the training entity trains a welfare recipient, and the welfarer recipient is not able to get a job, then the training provider receive $00.00 reimbursement. We do not anticipate many training providers to participate in this program. Moreover, who needs training to became a sales cahsier, security guard, kitchen helper, orderly, etc.

IMPLEMENTATION OF THE NEW WORKFARE PROGRAM IN CALIFORNIA

We have been closely monitoring the implementation of the new California Workfare program. Each county must submit a county plan to show how they will operate the program. So far the state has received four county plans from Fresno County, Kern County, Madera County and Napa County.

We have examined these plans very closely and have prepared a comparative analysis of the new workfare program and the WIN program.

The accompanying chart reveals that the new workfare program would cost about ten times more than the WIN program costs with very little increased in the number of participants or in the number of jobs that such participants will obtain.

COMPARING WIN TO THE NEW CALIFORNIA WORKFARE PROGRAM

	Participants			# of Workfare Bureaucrats			Yearly Costs			Employment		
	WIN 84-85	County Plan	% Diff.	WIN 84-85	County Plan	% Diff.	WIN 84-85	County Plan	% Diff.	WIN 84-85	County Plan	% Diff.
FRESNO COUNTY	3,803	4,778 *	+ 26%	23	78	+343	$838,388	$14.2mil	+1,683%	780	1,434	+ 84%
KERN COUNTY	3,213	4888	+ 52%	11.00	78	+631%	$404,341	$7.2mil.	+1,781%	1,033	No Inf.**	N/A
MADERA COUNTY	1,380	1,048	-24%	2.16	15	+478%	$114,483	1 mil.	+673%	103	98	- 5%

* These figures do not include the number of participants who will be referred to remedial education, because their participation is deferred until they complete their remedial education.

**. The Kern County plan has no figures on the number of persons entering employment. We called the county and ask how many people will obtain employment and they answered "Everybody will get a job".

We have also prepared a flow chart to illustrate the fact that the program is "sanction oriented" rather than employment oriented.

Under the program participants are forced to go through the following hoops:

1. Job Search;

2. If they don't find a job and have not been sanctioned, then they are assessed so that the county can decide which component they will be assigned to participate in;

3. Upon the completion of the component choosen for the participant by the county welfare department, the participant has to do a 90-day job search, unless they were sanctioned while participating in the component.

4. If the participant has not been able to find employment after the 90-day job search period, and have not been sanctioned, then he or she will be referred to a one-year workfare duty.

The accompanying chart based upon the county plans submitted to the State Department of Social Services by Fresno County, Kern County and Madera County demonstrates that many of the participants would be sanctioned since the number of persons going from job search to assessmemt, from assessment to 90 day job search and from 90 day job search to one year workfare change without any explanation. The number of jobs that the county plan anticipates participants would obtain remains constant.

(See Chart #2 on Next Page)

CHART # 2

PARTICIPATION FLOW CHART

FRESNO COUNTY

Assessment-5,962

Comp. Participation-5,456

90-Day Job Search-2,003

Employment-789

1-Year Workfare-512

KERN COUNTY

Job Search- 4,898

Assessment-3,276

Comp. Partcipation-1,509

1-Year Workfare-1,179

MADERA COUNTY

Job Search-1,068

Employment- 57

Assessment- 451

Comp. Participation-451

Employment-38

90-Day Job Search-104

RECOMMENDATIONS

We would like to take this opportunity to describe to the committee of the type of workfare program we would like to see.

First we would like to see a program that would help people, rather than **control** people on welfare. A "mandatory" program is a program which "controls" the poor, like the barbaric California Program and other similar programs. A program that does not "control" people is the "voluntary" program, which does not use the "stick" to get recipients to participate in the program. An example of such a program is the Massachusetts **CHOICE** program.

We realize however, that this may not be possible given the political realities. Thus if the program is to be mandatory, then we would like to see the following protections built into the program:

a. That job search be limited to no more than three (3) calendar weeks as in California and the San Diego County program;

b. That participants only be mandated to make 5 job contacts a week, which does not mean that the participant cannot voluntarily make more contacts we can assume that they will.

c. The workfare agency should be required to make a determination that the workfare participant has child care available if he or she is offered a full time job. If such child care is not available, then the participation should be deferred for that participant.

d. That after the job search portion of the program has been completed, the participant shall do a **"self assessment"** and determine which one of the various components, such as on-the job training, vocational training, education, etc. he or she wants to participate in. This assessment shall be done by mailing the participant a letter outlining the "choices" available and his or her right to make a choice in writing, rather than having the welfare or employment agency making all the decision for the participant.

e. After 30 days of participation the agency shall mail a notice to the participant informing him or her of his or her **right** to change the component he or she is participating in without having it affect his or her AFDC benefits.

f. That after the completion of the component the participant shall no longer be required to participate in the program (similar to the San Diego County Workfare Program).

g. That any participant prior to being sanctioned shall be afforded "conciliation" as provided in the California program. Our proposed language for conciliation is attached.

h. Sanctions shall be for so long as the participant refuses to participate. Thus once the participant agrees to participate, he or she should be promptly put back on AFDC.

PROPOSED LANGUAGE FOR CONCILIATION

(a) Whenever a registrant refuses to appear for appraisal without good cause, or a certified registrant refuses to accept employment or to otherwise participate in the program, the state agency shall determine whether the individual had good cause for such refusal.

(b) The agency shall exaust all efforts towards conciliatory resolution of disputes before it issues a notice of intented deregistration. The state agency shall inform the individual what constitutes good cause in writing on the same notice which informed him or her that an issue exists concerning his or her refusal to cooperate or participate. The notice of unresolved issues, which are issues prior to the potential issuance of a notice of intented deregistration, shall clearly specify the action or actions that resulted in the unresolved issue, a proposed conciliation plan, which shall be directly related to the issue or issues for which a notice of intented deregistration was issued, and the right to offer a counter proposal towards conciliatory resolution, including the names and addresses of the local legal services office and welfare rights office, if any, who can assist him or her with conciliation. The purpose of this effort is to encourage the participant to continue in the program. The conciliatory effort shall begin no later than 10 days following the date of refusal to participate or cooperate as determined in subdivision (a).

The conciliation efforts may continue for a period not to exceed 30 days. If the registrant refuses to meet the conditions of the conciliation plan, the state agency may terminate the plan earlier. Upon meeting the agreed upon conciliation plan, the state agency shall inform the registrant of his or her successful completion of the plan in writing.

PROPOSED LANGUAGE FOR SANCTIONS

Persons who refuse to cooperate or participate in the program without good cause shall be ineligible for aid. Such ineligibility shall stop as soon as the recipient agrees to participate in the program and aid shall commence with that date, provided this does not happen more than once in a given month. If it happens more than once a month, then only the person who refused to cooperate or participate without good cause shall be ineligible for aid for the month that he or she refused to cooperate or participate without good cause.

Mr. Matsui. I really don't have any questions to ask you.

I think your testimony and your written testimony are very comprehensive and to the point.

I have problems with the mandatory program, myself, as described with the sanctions in it. Oh, Mr. Chairman, you are back.

And I suppose we are going to have to deal with that issue. But I think the other parts of the program, the job training, the child care assistance, and those kinds of things, are vitally important if we are to try to help people help themselves in the system.

Go ahead.

Mr. Aslanian. It is very important to understand—when you talk about child care it is very important to understand that most program operators only provide child care while you participate in the program.

Mr. Matsui. I don't know.

Why should they provide child care if you refuse to participate in the program?

Mr. Aslanian. No, no. It is not refusal.

I come to you. You say, "Do job search. You don't need child care, because you are doing job search from 9 to 3. The kids are in school."

I go out and find a job and tell you, "I have a job."

You say, "Great."

"I can't take it."

"Why not?"

"I don't have child care."

"Gee, I am sorry. Why don't you call up Child Action?"

I call them up. "Sorry, we have a big list from here to Stockton Street."

So I say, "What do I do?"

"Go back to the job search tomorrow again."

That is nuts. Before they enrolled me in the Job Search Program, they should have made a determination that there is child care available for me to take a full-time job.

Otherwise, they are just playing with me. It is a game.

And it is not cool to play games with poor folks. Either we are serious about it or we are playing games.

If you are serious about it you make an assessment there is full-time child care available for that person before you dare to send that person out on the street looking for a job.

And then, you have employers come around and say, "These welfare recipients won't take jobs. I offered this person a job and she turned it down."

Of course. You never had child care available for full-time employment.

Mr. Matsui. Harold, do you have any questions?

Chairman Ford. Thank you, Mr. Matsui.

I had a question posed to me a moment ago by a reporter.

He was talking about breaking the cycle of welfare dependency. We all know about 50 percent of all the AFDC recipients come off of welfare within the first 2 years and half come off within the first year.

Trying to break that cycle for the other 50 percent for the long term or the welfare dependent—many citizens think in terms of welfare dependency, moving from one generation to another. Can the panel sort of respond to how that cycle might—those who are trapped into that cycle, from one generation till the next—how do you break the dependency of welfare?

Mr. **Aslanian**. The actual stay on welfare is 2 years. Most people get off of welfare within 2 years.

Like I was saying, the California Workfare Program says that 15 percent of the people will be doing workfare for the rest of their life.

So, that is basically the number of people who would be on welfare more than 2 years, and this Workfare Program has reached the conclusion these people aren't going to work. They are going to be doing workfare for the rest of their life.

Most people get off welfare without the needs of all these glorified programs. So, if a meaningful program is going to be effective, then a program should target the people that we are really talking about and let the other folks do what they do best, which is they find their own way off of welfare and there is no need to force them into these programs, those loops and hoops.

In fact, the San Diego Workfare Program has shown that men participating in workfare get less jobs than not in the Workfare Program——

Chairman **Ford**. In other words, given limited dollars to work with for work, education, and training opportunities, you are saying we should target on those with long-term, long dependency on welfare.

Mr. **Aslanian**. Right. That is where you should put your resources. What California is doing, people are going to get off welfare, anyway.

For the people who aren't going to get off, they say up front they will be on workfare for the rest of their life. That is the way it is.

Ms. **Blong**. I think it is hard to draw such a black and white line in the targeting.

I did want to—before addressing this specific question—want to clarify something about that number, because I did recall the 50-percent number came up with some of the earlier witnesses, 50 percent as the long-term welfare recipients.

There is a little bit of confusion, I think, in what is being measured. That number is actually saying that at any given point in time, for example, if we go out and look today at who was on the welfare roll in any large area, we will find 50 percent of those people are at some point during a spell of welfare use that will last for 7 years or more.

Some of them will be in year 1, some in year 2, some in year 3. So, you get a clumping of 50 percent at any one point in time.

Longitudinal studies that have been done have indicated that the number of people over a long period of time who use welfare for what is called a long spell—8 years or more—is lower than that and, in fact, is 17 percent, looking at people over a 10- to 15-year period of time.

I don't say that to downplay the significance of that number, because, yes, obviously then we want to deal with that problem, as well.

But I think it is important to keep that figure in perspective in terms of what it means.

I do think that in developing programs one has to look at a range of options. I think, as Kevin pointed out, there are people who will be moving on and off welfare more quickly, are more employable, have more skills.

But it may well profit them and society as a whole to nonetheless offer them some employment training, some skill improvement, so that maybe in their next job they will be able to keep the job longer.

They will be able to move more quickly up the employment ladder to an income level that gives them some cause of action.

What clearly happens to so many people is everything is fine until something happens, until a child gets sick and you have to take 2 weeks off with an employer who says, "No way. You don't get 2 weeks off in this company. If you don't come to work tomorrow, that is it."

It is an issue that is also addressed in here, and I realize it is far beyond, probably, the scope of this committee or maybe even the Congress which is the whole question of the workplace, and how it addresses the need to provide child care at the same time.

I mean, I have been amazed to hear quite large and otherwise what one would think responsible American corporations who provide virtually no parental leave on the arrival of a child.

I was told by a manager in a large corporation, that will go unnamed here, company's policy is 4 weeks, and if you don't come back—and these are professional staffs she is talking about and support staff—not only is it 4 weeks, but there is no extension.

And if you don't come back on the Monday that your 4 weeks is over, they clean out your desk.

I mean, they aren't fooling around. You get 4 weeks and that is it. If you are not back you start at the bottom.

Well, obviously, if we are going to talk about—I am a working mother at this point, having come to motherhood rather late in life.

I have a preschool child. But I started working part time. I worked 3 days a week for the first 3 years. I am now up to 3½, which is usually more like 4.

Luckily, I worked for an employer who both had, I think, some better social sense what an employer's responsibilities should be in that area and possibly had valued my services.

Those combinations of things gave me options.

But by and large, whether it is a man or a woman, if you are talking about a person who has primary responsibility for child care and you are talking about employment for that person, you have got to also recognize that our employment market has got to recognize child care responsibilities and being willing to modify itself in a way that will deal with those things.

Chairman FORD. Let me thank the panelists for your testimony today before the subcommittee.

This is the conclusion of today's subcommittee hearing on work, education, and training opportunities, and we would like to thank you and the other witnesses who have testified before the subcommittee today.

The subcommittee will stand adjourned subject to the call of the Chair.

We are scheduling some field hearings in the very near future, but we do not have the dates worked out yet.

The subcommittee will stand adjourned.

[Whereupon, at 4:55 p.m., the hearing adjourned, subject to the call of the Chair.]

WORK, EDUCATION, AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

THURSDAY, MAY 22, 1986

House of Representatives,
Committee on Ways and Means,
Subcommittee on Public Assistance
and Unemployment Compensation,
Washington, DC.

The subcommittee met, pursuant to call, at 10:25 a.m., in room B-318, Rayburn House Office Building, Hon. Harold Ford (chairman of the subcommittee) presiding.

Chairman Ford. The subcommittee will come to order.

I want to apologize for the delay. I have been talking with the staff about welfare reform. It is clear that we can't set any dates for a markup session to try to work on a welfare reform package to report from this subcommittee to the full committee.

Today the subcommittee will take testimony from academicians and other researchers who have studied the issue of welfare dependency. This is the seventh of a series of public sessions to hear from witnesses about a work, education, and training component for a comprehensive welfare reform package.

Today's witnesses will give us the facts about welfare recipients, who they are, how long they remain on welfare, why they leave AFDC, and what their chances are for a self-supporting future. They can also help us to shape a work, education, and training strategy that offers the best hope for reducing dependency and building an independent future for poor children.

The panel is a distinguished one, including Anna Kondratas of the Heritage Foundation; Greg Duncan of the University of Michigan Survey Research Center; and Isabel Sawhill of the Urban Institute.

I would like for the three members of the panel to take the table right in front of the witness stand. Once again, as chairman of the subcommittee we are delighted to have this distinguished panel with us today. We certainly look forward to your input, and once again we are sorry for starting a few minutes late. At this time the Chair will recognize the panel.

STATEMENT OF S. ANNA KONDRATAS, SCHULTZ SENIOR FELLOW IN HEALTH AND URBAN AFFAIRS, THE HERITAGE FOUNDATION

Ms. Kondratas. I thank you for the opportunity to be here today and I would like to emphasize that the opinions I express are my own and do not reflect the position of any organization.

Chairman **Ford**. Your testimony does not reflect——

Ms. **Kondratas**. The position of any organization.

Chairman **Ford**. Of the Heritage Foundation, it is not?

Ms. **Kondratas**. Policy analysts do not necessarily speak for the foundation. We express our own opinions. I think you can take it for granted mine is a conservative view. Otherwise I wouldn't be working there. But it is not an official position of the organization.

Chairman **Ford**. The testimony is from you as a person, not from the Heritage Foundation?

Ms. **Kondratas**. That is right.

I would like to correct a mistake on page 2, which is rather significant. In the third paragraph it says that "The interactions among these factors are very complex, which is why it is not difficult to establish cause and effect." It should be just the opposite. It is, so difficult to establish cause and effect. In effect, I think the typist who was typing it maybe didn't understand what I was trying to say, because when she finished typing it she said, "Anna, are you for workfare or against it?" She really couldn't tell from the paper.

I suppose I would like to begin by saying that I am definitely for it. I think in terms of budgetary impact initially it has a housecleaning effect, as some Utah welfare officials expressed it. This is certainly true in welfare systems that have a high degree of abuse or fraud.

New York City, for example, supposedly had a good general housecleaning effect, but this is a one-time impact, and in my opinion it is not even an important impact, because certainly if one tries to limit fraud, waste and abuse there are other ways of doing it, so it is not in and of itself a reason for workfare.

I think workfare makes sense because of the changed demographics, and the changed role of women in society and the workforce. When the AFDC Program was founded women were generally expected to be home with their children, and this is why the system was set up, to enable women to be home with their children. Today when more than half of the mothers of young children work, when many women want to work, many don't but have to, it is an anomaly to have a welfare system which treats a certain segment of women differently from how women are behaving generally in society.

I think in the 1980's, having a workfare element or work component in welfare is healthy for the individual. It is not only good for the budget, it is not only good for society but it is healthy for the individual herself to be earning her own way, to feel that she has the potential for earning her own way. I think if you read various evaluations of welfare programs, that most of the recipients who do participate in work programs are very pleased. The reactions of the recipients to workfare, even straight workfare in a State like West Virginia, are very positive. They think it is fair. They are proud of it, and I think it has real benefits for the recipients as well as for the budget.

If my written testimony sounds ambivalent, it is not because I am opposed or feel ambivalent about the principle of workfare, which I think is a very good one, but I am concerned about its implementation and implication for cost as well as changes in incentives for recipients that this might imply. For example, in Massachusetts, the structure of the program is such that the benefits are becoming so liberal I am afraid it might provide incentives for women who normally might not choose welfare as an option to go into the welfare system to get job placement services.

They are able to—they send people to college, for example, to universities. I mean, there are opportunities for welfare recipients in Massachusetts that nonwelfare, low-income mothers may not necessarily have, and I think that, again, one should look carefully at exactly what this implies for future budget costs.

The other reason that I am ambivalent is because I don't believe that any welfare reform of the AFDC Program alone can possibly alter overall poverty spending levels, because AFDC is not only a small part of the total Federal budget, it is a very small part of even poverty spending. I think last year, according to the Congressional Research Service, $134 billion was spent on means-tested programs of various sorts. AFDC is only a small component of that, so any change in that, and especially changes that only change the AFDC budget marginally, is not going to affect overall poverty spending.

It also will not affect the social environment and economic opportunities for the recipient because AFDC is a last-resort program. It is simply an income transfer program, and there are so many other job training, education and various other programs for the poor that are supposed to be affecting their opportunities and their environment that AFDC alone, regardless of how you reform it, is not going to change that very much.

Among the recommendations—if you want me to expand on any of this, you can come back to this in questions. But I would just like to recommend that AFDC, the component of AFDC that is for intact families should be expanded to all States. I think it makes sense if we look at welfare reform in the long term, that we think of welfare reform as including intact families.

I think if we are going to try to reverse some of the social trends that are disastrous for lower income families, especially as has been noted recently in the media on the impact of social trends on black families, we have to think of welfare as being extended to intact families. Again, this is not just AFDC, because why do a lot of women stay on AFDC? They have access to Medicaid. I think we need to make medical care, through a voucher system, or something else, available to poor families that are intact families and to nonwelfare poor families. Otherwise, any kind of reform you do with AFDC will not be effective.

In terms of the kind of legislative proposals that are being pushed by the administration, that requiring States to implement work-related programs and workfare over a set period of time might be counterproductive. I think the difference between mandatory workfare and voluntary workfare is largely illusory, considering the experience of most States.

Even in States with mandatory workfare, lots of exceptions have to be made because of conditions, and it is easy enough not to work if you don't want to, and in voluntary States like Massachusetts they still twist your arm very strongly to participate. And so it is really a question that most recipients want to participate in any case, and I think that States have to gear both the timing of the programs and the type of program they run, whether it is going to be straight workfare or some other type of program, to their own economic conditions. I don't think this is something that can be dictated by Washington.

I think we also should consider, if we are thinking in the longer run, of eliminating AFDC entirely as it currently exists. I think Greg Duncan has pointed out in his testimony that it works very well for the vast majority of short-term recipients. Maybe that part of it could be kept, but it is certainly not helpful to people who tend to become long-term dependents. Again, I am not trying to imply anything about cause and effect because I do think it is an open question as far as that is concerned. But I do think that it might even be necessary to have two programs.

If you established AFDC, for example, as a 4-year program—and I think I mentioned in my written testimony that in a survey at the Heritage Foundation we found that 94 percent of the American public supported this kind of approach—the vast majority of welfare recipients would not be affected at all. All those welfare recipients that use it as a short-term fallback, when they get into some sort of economic difficulty or when divorce impoverishes the woman with her children, that wouldn't change the ground rules for them at all.

On the other hand, by having a 4-year temporary program, it would change the ground rules for teenage girls who are the most likely to develop long-term dependency. But, obviously you cannot have just the Charles Murray kind of solution, a 4-year program that ends and then if somebody didn't comply, too bad. But I think it sends a message anyway that this particular program ends after 4 years. There can be other fallback State programs or integrated private-public programs to take care of people that would stay on longer.

Obviously, something like that would have to be integrated heavily with an education and job training component for a mother, especially a teenage mother, when she initially comes onto the rolls.

I think you would have to require high school dropouts to get their high school degree and to continue with education or some job training. In 4 years that should be possible, and so I think that this might just change the attitudes of recipients, because it would change the ground rules of the program.

I think it would be more consistent with the purpose of the program today, and with the role of women in society today, that we don't expect women to sit home with their children their entire lives, and yet the AFDC Program is still designed that way, based on the mores of the 1930's.

The other thing that I think could be done in the long term is to look at the entire system of 70-plus means-tested programs that the Federal Government helps to fund today. As I mentioned, the spending on that is about $134 billion annually.

See what the purposes are. My own analysis of these 70-plus programs indicates to me that they all have about three purposes: One is simply income maintenance or income assistance, and that includes even the Nutrition Programs like food stamps or anything else. It is, basically, giving money or in-kind resources to families to enable them to come up to a level of consumption that we think is minimally decent.

The other purpose is human capital improvement, and that is all the education and job-training efforts, which are purely to help people help themselves, and this was the whole focus of the war on poverty. They seem to be the least successful. I think the income maintenance programs are probably more successful than the programs that are designed to get people to really help themselves.

The last area is medical care, which doesn't really fall into one or the other.

When you look at all the 70 programs together, you realize very clearly what the gaps are, and why some of these programs are failing. The income maintenance, as far as I am concerned, may be inadequate, especially in some States. I don't think that the poor are necessarily getting a lot of this $134 billion, and I don't see anything wrong in raising benefits for the poor. What I do see as wrong is continually putting money into programs where most of the beneficiaries are middle-class service providers, where the outcome of the program is not entirely clear in terms of the effect is the poor.

I think in terms of education and training, we shouldn't necessarily gear those programs to the poor only, we shouldn't necessarily means test them. I think education and training should be an opportunity for every American. I think we need to upgrade inner-city schools. I think we need to put an awful lot of effort into the original systems, because a lot of the job training efforts are simply picking up the failures of systems that already exist and are supposed to be providing the poor with services that they obviously do not provide.

People graduate from high school who do not know how to read, and then they have to go into the Job Corps to learn how to read. That is neither the function of job training, and on the other hand it shows the failure of the educational system to begin with.

The medical care, I think, is another aspect that could stand terrific reform and you don't need to go to socialized medicine to give the poor access to medical care. There are various other schemes. As a matter of fact, Stuart Butler of the Heritage Foundation and I are trying to work out a system of delivery of medical services to the poor that would not entail socialized medicine. But I think it is absolutely clear that we need to give all the poor access to medicine because then that whole AFDC-Medicaid linkup would not be the disincentive that is for women to get off welfare.

Thank you.

[The prepared statement follows:]

TESTIMONY BEFORE THE
SUBCOMMITTEE ON PUBLIC ASSISTANCE & UNEMPLOYMENT COMPENSATION
# of the
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
HEARING ON WORK, EDUCATION AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

May 22, 1986

S. ANNA KONDRATAS
SCHULTZ SENIOR FELLOW IN HEALTH & URBAN AFFAIRS
THE HERITAGE FOUNDATION
214 MASSACHUSETTS AVE., N.E.
WASHINGTON, D.C. 20002
(202) 546-4400

Abstract:

The case for workfare cannot really be made on cost-saving grounds, at least in the short run. Depending on the design and goals of the program, it can be either more or less expensive than welfare without work requirements. But there are obvious though unquantifiable social benefits in establishing a system wherein reciprocal obligations and mutual respect are the basis for the interaction of welfare recipients and society.

As for dependency, it can certainly be exacerbated by a lack of commitment to the work ethic, but work requirements in welfare programs or the lack of them are only a small part of the total picture of the erosion of values in our society. Work requirements are not a panacea for dependency. Because of social attitudes, workfare in the 1980s has a better chance for success than it did in the 1960s and 1970s, but only if we learn to be happy with marginal successes. And we must be realistic about the ability of any welfare reform to solve the intrinsic problems of income transfer disincentives. Making welfare a temporary assistance program like unemployment compensation (though of longer duration) might provide a complementary approach to education and training efforts to reduce long-term dependency without penalizing needy short-term recipients, who are the majority of the total caseload over time.

Introduction

Just about a year ago, as part of an ongoing study of welfare in the U.S., the Heritage Foundation commissioned a national poll on welfare and poverty. Among many other interesting bits of information, the poll found that 94 percent of the American public favors requiring able-bodied welfare recipients to do some work in exchange for the benefits collected, and nearly 100 percent favors providing incentives to go back to school or be trained for a job. But although fewer than 30 percent think cutting benefits is the way to get recipients off the rolls, it is noteworthy that 74 percent do not want their federal taxes raised one penny to increase benefits for the poor.

Thus it is not surprising that workfare and employment training programs for welfare recipients have won such broad-based political support across the country, especially since most welfare recipients also seem to favor them. But what are we trying to accomplish? And will it work?

First, a few general observations about the Aid to Families with Dependent Children program (AFDC). As originally conceived, the program is an anomaly. When it was created, a woman without a husband and with children (then primarily widows) were considered ipso facto unemployable. Most mothers in intact families also stayed home with their children. Today, more than half of married American women work, and almost half of those work full-time. Over half of all mothers with children under 6 are in the labor force, as are well over two-thirds of mothers with youngest children between 6 and 13. But for many of these women, paid labor is not a matter of personal self-fulfillment but economic necessity. A national poll conducted by Decision/Making/Information in 1983 showed that about half of all working women described themselves as working out of necessity and not choice. Clearly, these perceptions are another reason for the popularity of workfare -- it hardly seems fair to tax-paying working women who only reluctantly leave their children to have their taxes pay for another group of women to be able to stay home with theirs.

Another point: The aggregate number of AFDC welfare recipients in the U.S. has remained relatively stable at about three and a half million cases since 1972 (about 10-11 million recipients). There is, of course, considerable turnover in the caseload. Long-term dependency is a real social and personal problem for many, but it is obviously not the fate of the majority of women who end up on welfare. Of course, using the welfare system as a short-term crutch is also a type of dependency if other options are available. But whatever the corrupting influence of welfare, it seems to have reached a certain plateau. Of course, this does not diminish the moral imperative of attempting to assess its good and bad effects on those who are dependent on it, including the role of work in their lives, and its costs and benefits to the rest of us.

One should issue a caveat, however. Policy makers and analysts have been trying to do this not just for decades but for centuries. Since the days of the Elizabethan Poor Laws, the history of welfare reform reveals how difficult, if not impossible, it is to reconcile the desire to provide humane assistance to the needy without fostering dependency and encouraging indolence, as well as to define the limits of public obligation and control public expenditures. We are faced with the same inherent political and economic dilemmas, and work requirements are not really going to change the equation much.

We know that because they've been tried before. Work or apprenticeship (training) in exchange for assistance has always seemed the obvious solution to the work disincentives and demoralizing effects of welfare, since work is the apparent means to independence and the basis of man's dignity. But once the principle of an entitlement to public assistance is established, work loses its primary purpose as the means of production and becomes instead a condition of entitlement. Instead of being useful, it can become cumbersome. There may be labor shortages in some areas, and surpluses in other areas, but the indigent are not always conveniently located near or suited for "real" available jobs. Charitable intentions are insufficient to change economic conditions or endow bureaucrats with decision-making and job-creating capacities superior to the market's, and this underlies the make-work and faked-work quality of many work-for-welfare strategies. And there's no point in training for jobs that aren't there.

The Economics of Welfare and Policy Implications

There are two related but distinct public policy problems regarding welfare. One is the issue of how to improve the earnings of the recipient so that welfare is no longer necessary or attractive for that recipient. The other is how to hold public expenditures within reasonable bounds. It is a mistake to assume that a strategy attacking the first problem will necessarily solve the second in the short term, or vice versa.

The simple view that welfare is an alternative to work is insufficient to understand the dynamics of welfare dependency. Clearly, the willingness of a person to work is affected by the relationship between his earnings potential and the level of welfare benefits. But the equation is not a simple one. If a person placed a high value on leisure, potential earnings would have to be significantly higher than welfare to induce that person to work. Some individuals, of course, place positive value on work itself and thus will prefer working to being on welfare even if they are worse off financially. Moreover, most people do not have a "free" choice between welfare and earned income, because there are both constraints on access to each, and there are burdens imposed by both welfare and tax laws.

Thus, economic choices by family heads are made in the context of their own value system, and within a system of income and welfare incentives. The interactions among these factors are very complex, which is why it is not difficult to establish cause and effect. But the potentially damaging effects of welfare on low income families with few other options are clear. They were recognized and discussed as early as the 1960s. Yet the warnings were ignored.

If the welfare system offers mothers higher benefits than the labor market offers unskilled men in earnings--and this can be the case even in low-benefit states—then the mother becomes the family's primary earner. This complicates the problem of reducing dependency on welfare for two reasons. First, the woman's opportunities in the labor market are usually those of a secondary wage-earner, that is, she may lack the requisite skills and preparation for an upwardly mobile job and her child care responsibilities may preclude her ability to travel or work overtime or irregular hours. And since the welfare department has assumed the role of dependable primary provider, men are encouraged to adopt a much-reduced role in the family, which further loosens their ties to the labor market. The increasing prevalence of low-income men as secondary earners unavoidably contributes to what some have called a lack of "marriageable" men in low-income communities. In particular, it appears to be an important factor in the decline of the black family.

Perversely, even though almost no one would argue that welfare benefits enable anyone to live in style, and in some states, one can hardly scrape by on welfare at all, increasing benefits can only serve to exacerbate these trends. The underlying problem does not disappear with increased benefits -- that often exacerbates the trend to dependency and family decline by making indpendence and work relatively less attractive. Moreover, the new wave of workfare reforms for AFDC likely will not improve the situation, because they do not increase work incentives or opportunities for absent fathers. Instead, they attempt to transform mothers into primary earners, and it is by no means clear that this is sound policy in the long run. Clearly, in the short run, one must strive to make existing family units, including single-parent households, as self-sufficient and viable as possible. But long-term welfare reform should focus on the intact family and on having both parents assume responsiblity for children.

Of course, there are limits to what welfare policy can accomplish with respect to reversing trends in divorce rates and illegitimate births. Cultural norms and moral standards are not readily susceptible to change by government fiat, but the welfare system should not facilitate family and community dissolution. Current efforts to increase child support payments and step up enforcement of collections from absent fathers are proper and long overdue. In the case of unwed teenaged mothers, enforcing paternal responsiblity is more problematic. But upgraded educational and job-training efforts in urban slums must be part of the solution, and not only for welfare recipients. In addition, the economic and social reality and barrenness of out-of-wedlock births must be taught -- in the schools and in the community. Where community values preclude receptivity to such messages from external sources, community leaders must take the responsibility for turning the value system around.

Government can help by refocusing the goals of the AFDC program. A number of steps could be taken which would reflect the values of the broader society more clearly. For example, AFDC assistance to families with fathers unemployed through no fault of their own (the AFDC-U program) should be extended nationwide. At present, such coverage exists only in about half the states. Further, AFDC could be made an explicitly temporary program -- say, a maximum of four years. (The Heritage poll referred to earlier, by the way, shows that 94 percent of Americans would favor such an approach.) This would not involve any change for the vast majority of welfare recipients, who remain on the program a few years at most. But it would create a different incentive structure for pregnant and potentially pregnant teens, who are most likely to become long-term recipients. A system in which benefits taper off or end after a set period of time, and perhaps decline with rising numbers of illegitimate children, could be worked out with support systems, i.e., fallback programs run by states or private charity, to ensure that innocents do not suffer. Continuing eduation and job training for the mother should be mandatory during the four-year period. Such a design would send an overdue message to those most likely to develop welfare dependency and help them avoid the tragedy of self-perpetuating poverty.

Cost Savings of Workfare and Work-Related Programs

There is little hard data on the cost-effectiveness of work-for-welfare, or on its impact on caseload reduction. Such data as do exist -- and the Manpower Demonstration Research Corporation (MDRC) provides some of the most reliable to date, given the difficulties of quantifying some of the factors -- will provide both opponents and supporters of workfare with ammunition since the glass is both half-full and half-empty. One typical MDRC result, for example, showed that 61 percent of the experimental group in San Diego obtained private-sector jobs over an 18-month period, compared to 55.4 percent of the control group. An improvement, certainly, and important to the individuals involved, but hardly a cause of joy for those who expect a significant budgetary impact. The more so because "savings" in studies of this kind deduct the monetary value of "social benefits" from expenditures, which does not necessarily reflect a reduction in expenditure levels.

Cost reduction "success" in programs without control groups is even harder to measure, and depends very much on how the evaluator chooses to define it. Such evaluations can range from the modest conclusion in a report on the Ohio work programs, that "the resultant welfare savings are substantially less than program costs," to claims by Massachusetts officials that their much more ambitious program "saves" the state tens of millions a year in welfare cost.

In fact, the Massachusetts experience is illuminating. The program is probably no more nor less successful than other work-for-welfare designs, but it still awaits a serious study. Meanwhile, the facts are these: the state's Employment Training Choices Program (ET) placed over 18,000 welfare recipients in jobs in two years of operations. Critics pointed out that Massachusetts has a very low inemployment rate, and wondered whether such figures could be duplicated elsewhere. But a more salient question is whether that is such a notable achievement at all. According to a Massachusetts Department of Public Welfare report, more than half of the state's AFDC families stay on welfare less than a year in any case. And the number of welfare recipients who are not in the ET program and who find jobs through other means is the same as the number who find jobs through ET. Further, since there is no control group, it cannot be determined how many of the ET 18,000 would have found jobs in any case. It is also not clear how competition in the job market by some AFDC recipients through ET initiatives affects other job seekers who are potential AFDC clients. There seem to be as many new case openings as closings. When the ET program began in October, 1983, the welfare caseload was 89,700; in Sept., 1985, it was 88,800. Over the two-year period, the monthly caseload did drop to as low as 84,600 but also has risen to as high as 89,000. The caseload varies by several thousands from month to month, but the trend is level. And this is in spite of Massachusetts' low unemployment rate.

By contrast, the caseload in Massachusetts during the previous two-year period had declined by about 25 percent. Moreover, each ET job placement thus far has cost Massachusetts about $3,000 and costs are projected to rise, primarily because of the day care component. Massachusetts' per-placement costs in the WIN program from 1978-81 averaged some $900. The Massachusetts experience illustrates perfectly the continuing tension between the two very different goals of work programs -- reducing caseloads vs. providing a service for welfare recipients.

The Case for Workfare

The case for workfare cannot really be made on cost-saving grounds, at least in the short run. Depending on the design and goals of the program, it can be either more or less expensive than welfare without work requirements. But there are obvious though unquantifiable social benefits in establishing a system wherein reciprocal obligations and mutual respect are the basis for the interaction of welfare recipients and society.

As for dependency, it can certainly be exacerbatged by a lack of commitment to the work ethic, but work requirements in welfare programs or the lack of them are only a small part of the total picture of the erosion of values in our society. Work requirements are not a panacea for dependency. Because of social attitudes, workfare in the 1980s has a better chance for success than it did in the 1960s and 1970s, but only if we learn to be be happy with marginal successes. And we must be realistic about the ability of any welfare reform to solve the intrinisc problems of income transfer disincentives.

Just one example: If workfare or job training is made mandatory for all able-bodied recipients save mothers with preschool children, it won't affect caseloads that much, and for those who really don't want to work, we will have created an incentive to have more babies. On the other hand, if we make it mandatory for all with no exception, the day care costs to society will be staggering, not to mention the bureaucracy necessary for enforcement. There's just no getting around it, public transfers do not promote economic efficiency.

History shows, however, that a little economic inefficiency is a price that our wealthy society may be willing to pay to assist the needy. But we should be quite clear about the difference between doing something to the poor for our own benefit -- whether we are social workers or taxpayers, whether we are do-gooders or Social Darwinists -- and actually doing something for the poor to enable them to take responsiblity for their own lives.

Chairman **Ford**. Thank you very much.

The next witness is Mr. Greg Duncan of the University of Michigan, the program director for the Survey Research Center.

STATEMENT OF GREG J. DUNCAN, PROGRAM DIRECTOR, SURVEY RESEARCH CENTER, UNIVERSITY OF MICHIGAN

Mr. **Duncan**. Thank you very much. I appreciate this opportunity to tell you about a set of important but little known research findings concerning the U.S. welfare system. I would like to summarize very briefly the written testimony I submitted for the hearing and look forward to addressing any questions you may have about it.

Improving the welfare system has been a recurrent priority. Now, as 20 years ago, it is on the top of the list of domestic concerns. The renewed interest stems in part from dramatic changes in the patterns of marriage, divorce, and out-of-wedlock births in our country, in our perception of a urban underclass, and in our attitudes about the desirability of market work for mothers with small children.

Conservative critics such as Charles Murray have used these and other trends to turn the conventional view of the welfare system on its head. Rather than helping the poor by providing them with resources they would not otherwise have, these critics argue, Great society welfare programs have actually hurt the poor, by breaking up families and inducing adult recipients and their children to become dependent upon public assistance.

The most drastic remedy advocated by some of these critics is the elimination of all Federal welfare programs. More moderate conservative voices call for reduction in the size and scope of existing programs.

Although I shall argue that the claims of these critics are not supported by the weight of existing evidence, my purpose here is not to provide a so-called liberal defense of welfare against the charges of these critics. I come here instead to summarize some little known research findings about the dynamics of the welfare system drawn from long-term data collection projects started in the 1960's and continuing today.

I am codirector of one of these data collection projects, the University of Michigan's panel study of income dynamics. Launched in 1968, our project has collected economic data annually from a representative sample of American families all around the country. The project is in its 19th year and is supported by the National Science Foundation, the Office of the Assistant Secretary for Planning and Evaluation of the Department of Health and Human Services, and intermittently several other Government agencies and private foundations. Most of the other research I will summarize was funded by the ASPE Division of HHS as well.

In contrast to the Census Bureau's annual snapshots, the panel study of income dynamics and the other panel projects provide a unique motion picture of the patterns of poverty and welfare, showing what Census Bureau figures cannot, the nature of typical poverty and welfare spells and the extent to which children growing up in welfare families themselves depend on welfare when they are old enough to establish independent households. Since these studies gather data from families chosen to be representative of families all across the United States, they also provide perspective on the size of the urban underclass relative to the total set of persistently poor families in the United States.

Since the information is gathered from families living in different States with widely varying AFDC benefit levels, it can be used to evaluate the merits of claims that AFDC benefit levels are responsible for undesirable changes in family structure.

Taken as a whole, these studies paint a picture of economic mobility and benign welfare programs that differs dramatically from the conservative critique. Although the total number of poor people changes little from one year to the next, about one third of the individuals who are poor at a given time will climb out of poverty by the following year, and be replaced by a similar number of individuals who fall into poverty. Persistent poverty is by no means insignificant, but the numbers are much smaller than the Census Bureau figures would appear to indicate.

In contrast to the stereotype of the poor being predominantly an urban underclass, most of the persistently poor live outside of large urban areas. Nearly half live in families where the head is disabled, and a substantial number are elderly.

While some of the upward mobility may conform to the Horatio Alger stereotype, more frequently it is the result of labor market events and family composition changes. Bouts of unemployment or a divorce often create temporary periods of need that later end with reemployment or remarriage.

How well does the welfare system adapt to this pattern of need? A general answer, for which there are many qualifications, is that the current welfare system functions fairly well for the majority of recipients, as a kind of insurance against temporary misfortune. Specifically, the relevant studies based on long-term evidence show the following:

First, welfare use is not typically a long-term experience. Many welfare careers are quite short, and fewer than one third of first-time recipients will spend more than 8 years altogether on the dole. While 50 million Americans lived in families that received some welfare income during the 1970's, only 10 percent of these people, 5 million, could be characterized as persistently dependent upon welfare.

Second, welfare dependence is not typically passed on from one generation to the next. Among women who grew up in families that depended heavily on welfare in the late 1960's and early 1970's, the vast majority, four-fifths, were not themselves heavily dependent upon welfare once they left home and established independent households. For black women, there was no significant link between their welfare status and that of their parents.

Third, there is no conclusive evidence of strong links between the generosity of existing welfare programs and the incidence of out-of-wedlock births, divorce, marriages, or remarriages. The most comprehensive study of this issue conducted by Harvard researchers David Elwood and Mary Jo Bane concluded that welfare does not appear to be the underlying cause of dramatic changes in family structure in the past few decades.

In short, typical welfare spells are brief and interspersed with work. They do not break up families, and welfare dependence is not typically passed on from parent to child.

But while the welfare system functions as insurance against temporary misfortune for the majority of recipients, there is a substantial minority, numbering at least several million, and including at least one-sixth of all black children, who can be characterized as persistently dependent upon welfare.

What is not yet clear is whether the welfare system is itself the cause of this dependence. Studies that have attempted to link welfare receipt and counterproductive social psychological attitudes have failed to find significant links. As mentioned earlier, welfare links between parent and child are surprisingly weak or nonexistent, and it does not appear that the welfare system can be held accountable for the demographic changes that have swept the country in the past two decades.

Much more research is needed if we are to understand what, if any, role welfare plays in shaping the characteristics of the minority recipients who comprise the American underclass.

Also in need of additional research is the issue of the positive effects of welfare. Since welfare benefits are presumed to be at least in part investments in the children living in recipient households, it is important to assess the extent to which parental income in general and welfare income in particular are linked to the positive attainments of children such as schooling and earnings when they reach adulthood.

The evidence available at this point, however, is clearly at odds with the view that Great Society welfare programs have hurt rather than helped poor people. That view, based solely on cross-sectional evidence, is simply not compatible with longitudinal evidence showing the benign nature of most contacts with welfare.

Thank you.

[The prepared statement follows:]

Testimony of Greg J. Duncan, Program Director
Survey Research Center
University of Michigan
Subcommittee on Public Assistance and Unemployment Compensation
House Ways and Means Committee
May 22, 1986

I. INTRODUCTION

In debating welfare reform--whether to a more universal scheme as proposed more than two decades ago or to the draconian solutions in vogue today--it is critical to have an accurate perception of the nature of need in our society and the nature of experience with existing programs. It is, of course, the impressions gained from personal experience or colorful case study accounts that remain most vivid in our minds. The danger with individual cases, however, is that they may not even remotely represent the circumstances of the larger groups with which they are identified. Is Susan Sheehan's account of a three-generation welfare family in New York City in A Welfare Mother a depiction of the typical welfare family? Do the individuals in Ken Auletta's Underclass typify persistently poor people in the United States today?

When nationally representative data are used to substantiate one view or another in the welfare debate, they are typically drawn from the snapshot pictures of the status of the population provided by the Census Bureau's Current Population Surveys. Each year, the Bureau selects and interviews a different set of families, gathering information about family income and poverty status, welfare use, and family structure. Analysts have placed these snapshots side by side to show aggregate changes in the number of poor families, the number of families in "latent" poverty (i.e., those who would be poor had they no income from cash transfer programs), the economic conditions of families defined by characteristics such as race or female headship, and the size and composition of the welfare population.

The most interesting policy questions about the nature of poverty and the efficacy of transfer programs are dynamic, not static, and thus require a different kind of data from that provided by the Census Bureau. Turnover in the poverty and welfare populations and the duration and correlates of poverty and welfare experiences are examples of phenomena that simply cannot be addressed with cross-sectional data. The temptation to infer dynamics from static data is strong and some analysts have succumbed to it. For example, in his book Welfare, Martin Anderson observed that welfare benefits persistently reached about one-tenth of the nation's households, and concluded that the welfare system has "created a new caste of Americans--perhaps as much as one-tenth of this nation--a caste of people almost totally dependent upon the state, with little hope or prospect of breaking free. Perhaps we should call them the Dependent Americans" (p. 56). A moment's thought will show that evidence such as this cannot be used to demonstrate long-term dependence. Indeed, the fact that one-tenth of the nation receives welfare in two consecutive years is consistent with either no turnover in the welfare population or with complete turnover. Nothing in the data he presents justifies a conclusion about the duration of welfare experiences.

The constraints imposed by Census Bureau snapshots are clearly recognized by Charles Murray in Losing Ground. "What we would really like," he writes, "is a longitudinal sample of the disadvantaged" (p. 54). By longitudinal he means a study that tracks the same individuals and families over time.

Fortunately, the past twenty years have witnessed major investments in a number of longitudinal data projects. Best known are the Negative Income Tax experiments, with their lessons about the likely work disincentives and family structure changes that might result from changing current welfare programs to a simpler and more universal income maintenance scheme. But these samples were limited to the low-income population living in a small number of areas. Not as widely known, nor as easily grasped, are lessons about the dynamic nature of poverty and the current welfare system learned from non-experimental data sources, in particular two of the major, nationally representative longitudinal survey projects that were begun in the late 1960s.

I would like to summarize some recent and very surprising poverty and welfare research based on these non-experimental data sets, beginning with a sketch of the dynamic nature of poverty, then summarizing some of the important, recent findings about the characteristics of the welfare system and the welfare population and concluding with an assessment of the behaviorial effects of welfare.

This dynamic evidence on the nature of need and welfare experiences shows that a surprisingly large proportion of poverty and welfare spells are only short-lived. Although the number of persistently poor or persistently dependent families is far from insignificant, the more typical situation is one of temporary need, caused by a bout of unemployment, a divorce or similar labor market or family event. Many of the temporarily needy do not use the welfare system at all, and those who do usually receive welfare for relatively short periods. Welfare recipients often alternate between welfare receipt and work, and most children growing up in heavily dependent homes do not become heavily dependent when they establish their own households. Taken together, this evidence suggests that the welfare system functions fairly well for the majority of recipients as insurance against temporary misfortune.

II. THE NATURE OF NEED

Census Bureau tabulations of the incidence of poverty are based on a comparison of a family's annual cash income and the annual poverty threshhold applicable to that family. According to Census Bureau figures, poverty rates fell more or less continuously during the 1950s and 1960s, changed little during the 1970s and rose sharply during the early 1980s. The relatively modest year-to-year changes in the fractions of the population who are poor are taken by many to indicate that there is little turnover in the poverty population. Indeed, the sharp recession of the early 1980s was often characterized as having added to the "old" poor a new class of poor who had recently lost their jobs.

The Panel Study of Income Dynamics (PSID) was begun in the late 1960s in order to provide representative information on changes in the economic status of the population across time, as well as richer detail on factors that may account for the observed changes. The PSID continues to collect annual economic data from its representative sample of American families. Although funded now in large part by the National Science Foundation, the PSID data collection and much of the analysis I will summarize below have been supported by the Office of the Assistant Secretary for Planning and Evaluation of the Department of Health and Human Services. The National Longitudinal Surveys (NLS) were begun at the same time with a similar design, but with a focus on labor market phenomena and funding by the Department of Labor. My review of the dynamic aspects of poverty focuses on data from the PSID. Evidence on welfare dynamics, reviewed in Section III below, is provided by both surveys as well as caseload records.

The simplest extension of descriptive cross-sectional information on poverty provided by Census Bureau surveys is the description of poverty patterns for a group of individuals over a fixed time period longer than a single year. Analyses relying on this method reach common conclusions:

- Movement into and out of poverty is quite widespread. Persistent poverty is by no means insignificant, but the numbers are much smaller than single-year figures would indicate.

- In contrast to the stereotype of an urban underclass, the persistently poor are more likely to be found outside of large urban areas and include surprisingly large numbers of the elderly.

Nearly one-quarter of the U.S. population is estimated to have experienced poverty in at least one year out of the ten between 1969 and 1978, but only about one person in twenty was poor for most of the decade. Turnover among the poverty population is thus widespread; indeed, nearly one-third of the poor in a given year escape from poverty by the next year. Half of all continuous poverty spells last less than three years. Even adverse macroeconomic conditions reduce turnover rates by only a few percentage points; many escape even during quite severe recessions. Of course, some of those who escape do not rise very far above the poverty line, but a surprising number do enjoy large gains.

Subtracting income from cash assistance programs produces a measure of latent poverty, consisting of individuals who would be poor in the absence of transfer programs (and also in the absence of labor market or other adjustments to the reduced income). Without welfare income the number of individuals who would have been poor for most of the decade would have been 50 percent higher than it actually was, but the fraction of the population experiencing poverty at least once would have changed little. The targeting of assistance programs to the persistently needy produces this difference.

Some upward mobility may conform to the Horatio Alger stereotype, but a more useful view is that it often results from other kinds of labor market events and from family composition changes. Bouts of unemployment produce many short-term periods of need; but family composition changes such as divorce or separation have even more adverse effects on the economic position of the women and children involved. But while these events produce spells of hardship, re-employment or remarriage will often produce beneficial income changes that are as large as those produced by the detrimental events. Thus, employment and family events create numerous situations of temporary need for a surprisingly large portion of the population.

The numbers who do not experience upward mobility are far from insubstantial. Poverty spells for about one-sixth of the individuals who become poor last more than eight years. The average black child spends over five of his first fifteen years below the poverty line; the comparable duration for white children is about nine months. Persistent poverty is not randomly distributed among the larger group of ever-poor. Poverty among the elderly and blacks and in rural areas tends to be more persistent than among other groups and in other areas, in part because of fewer labor market and marriage alternatives.

The demographic characteristics of persistently poor individuals stand in marked contrast to those raised in discussions of the "underclass." Although usually defined loosely by behavioral deviancy--drug addiciton, mental problems, criminal activities, welfare dependence--the underclass have often been equated with the persistently poor. PSID data show how little overlap there is between the two groups. Most of the persistently poor live outside of large urban areas, nearly half live in families where the head is disabled and many are beyond their early adult years. This is not to minimize the potential importance of the underclass; rather, it suggests that we ought not to have an underclass stereotype in mind when debating policies directed at persistent poverty.

These various facts suggest that need in our society is rather heterogeneous, with much of it temporary but some of it persistent. The dynamic characteristics of welfare receipt and the performance of the welfare system in matching these needs are the subject of the remainder of the testimony.

III. EVIDENCE ON THE NATURE OF WELFARE RECEIPT

Inferences about turnover in the welfare rolls and the duration of welfare experiences require longitudinal information on the *same* households or welfare cases over time. As with poverty, the simplest extension of descriptive welfare information gathered in a cross-sectional survey for a single point or over a single calendar year is the description of use patterns over a fixed multi-year accounting period. Researchers relying on this method explore different aspects of welfare dynamics, but two important findings are common to all of their work:

- Movement on and off welfare rolls is widespread. Occasional welfare receipt is common, persistent welfare receipt is not.

- Annual and multi-year income "packages" of welfare families often contain more income from other sources than from welfare, with labor income being mixed with welfare income to a surprising degree.

Consider patterns of receipt when the accounting period runs for ten years, from 1969 through 1978, and "welfare" is defined as AFDC, General Assistance and other welfare, Supplemental Security Income, and the cash value of Food Stamps. More than one-quarter (25.2 percent) of the United States population is estimated to have lived in families where some form of welfare income was received in at least one year between 1969 and 1978, but only 6.5 percent of individuals lived in families that received income from welfare sources in more than half of the ten years. These figures provide an exceedingly large bracket around the 8.1 percent of the population that is estimated to have lived in families in which welfare income was received during a single-year accounting period--1978 in this case. They suggest a great deal of turnover in the welfare rolls over fixed accounting periods, a fact confirmed by direct turnover calculations.

The extent of welfare receipt and dependence varies widely across demographic groups. Black children have the highest recipiency rates: nearly three out of every four of them lived in families in which welfare was received at least once during the ten years. But, as with the larger population, there is a much smaller set of black children (one-sixth in all) living in families that counted heavily upon welfare for most of the period.

Welfare Spells. A second approach to analyzing welfare experience with longitudinal data involves the identification of spells of welfare use, i.e., continuous months or years of welfare receipt by a household. This provides information on the distribution of completed spells of welfare use, which yields more direct evidence on whether welfare use for recipients with various demographic characteristics (age, presence of children, race, etc.) tends to be short- or long-term. It is also possible to identify the events which appear to lead to the initiation and termination of these spells. Clearly, this is information which can only be obtained from longitudinal data collected over a long period and it is crucial for evaluating issues concerning dependence and the design of policy. The studies using this approach are in remarkable agreement about the duration of welfare spells:

- A majority of welfare spells are short-term, lasting two years or less, while fewer than one-sixth can be thought of as long-term, lasting eight or more years.

- However, at any single point, half of all welfare recipients are in the midst of long-term spells.

These seemingly paradoxical findings highlight a crucial element of welfare dynamics. The short-term nature of most welfare spells is reflected in figures on individuals who began welfare spells at any time between the mid-1960s and the late 1970s. They show that between one-half and two-thirds of these welfare spells lasted one or two years, and fewer than one-sixth of the spells lasted eight or more years.

Viewed in this dynamic way, it seems clear that long-term welfare receipt is relatively uncommon; it certainly does not accurately reflect the welfare experience of the majority of recipients. Estimates of completed spell lengths for recipients observed at a given point in time, however, show that short spells characterize only one-sixth of current recipients, while half are in the midst of quite long spells, lasting eight or more years.

While the large difference between the ever-began and point-in-time welfare groups may seem paradoxical, it is easily explained and, indeed, characteristic of spells of poverty and unemployment as well. It occurs because the probability of being on welfare (poor, unemployed) at a given time is necessarily higher for longer-term recipients than for those who have shorter welfare (poverty, unemployment) spells. The point-in-time welfare sample is thus a biased sample of all welfare recipients.

An example of spells of hospitalization will help to establish this point. Consider a 13-bed hospital in which 12 beds are occupied for an entire year by 12 chronically ill patients, while the other bed is used by 52 patients, each of whom stays exactly one week. On any given day, a hospital census would find that about 85 percent of patients (12/13) were in the midst of long spells of hospitalization. Nevertheless, viewed over the course of a year, short-term use clearly dominates: out of the 64 patients using hospital services, about 80 percent (52/64) spent only one week in the hospital. Exactly the same kind of dynamics of use accounts for the results with regard to welfare experience. One of the most important lessons from the longitudinal evidence is that while the welfare population at any point is composed predominantly of long-term users, the typical recipient is a short-term user.

Which way of describing welfare experiences is correct? Not surprisingly, the answer depends on the nature of the question one wants to answer. On the one hand, the experience of the current population of recipients is the best guide for assessing whether short-term or long-term users account for most of the costs of the welfare system (long-term recipients do). On the other hand, for assessing the nature of welfare use, especially in the context of welfare dependency, the over-time sample is clearly the relevant one.

Spell-level analyses are also useful in showing the events that are most closely linked to the beginnings and endings of welfare receipt. A major surprise is the dominance of family composition changes over labor market events in influencing changes in welfare status. In the PSID data, nearly half of all AFDC spells begin with a divorce or separation; more than one-third of them end with marriage. In contrast, only about one-eighth of the spells begin with a drop in the earnings of the head of an intact female-headed household and, most surprisingly, only one in five spells ends with a major increase in labor income. An analysis using different data found that marriages accounted for more spell exits than any other event. This result held for both black and white women, although exits via marriage were considerably more frequent for whites. Clearly, family composition changes are more important than labor market events for much of welfare dynamics.

One potential weakness of conventional spell analysis is its emphasis on completed spells of welfare rather than on the cumulative welfare experience of individuals over time. For example, an individual could spend a high proportion of his adult years receiving welfare and yet have short welfare spells by being off welfare occasionally for a year or two. If such "recidivism" were common, the conclusion about the relatively short length of most welfare spells would need to be qualified, since what is ultimately at issue is the amount of time individuals spend on welfare and not the length of each completed spell.

Research on this issue confirms that multiple spells of welfare receipt are common. About one-third of all welfare spells are followed by subsequent spells; 40 percent of *first* welfare spells are followed by subsequent spells. Allowance for multiple spells alters the distribution of welfare experiences substantially. Estimates of the *total* expected time on welfare for individuals first beginning a welfare spell and individuals on welfare at any given point indicate that about 30 percent of new recipients can expect to experience only one or two years of total receipt, while a similar proportion will have eight or more total years of receipt. Similarly, the point-in-time estimates are more heavily skewed toward longer-term recipients than is true for estimates based on individual spells.

Intergenerational Transmission of Welfare Dependence. There is great interest in intergenerational aspects of welfare receipt, especially whether and why children growing up in households that receive welfare may themselves be more likely to receive welfare when they establish their own households. Theories of poverty have often posited such an intergenerational component. Writings on the culture of poverty describe a process in which slum children absorb subcultural attitudes that prevent them from taking advantage of future opportunities.

Less frequently examined but also important are the possible beneficial effects of welfare receipt on children. Does it improve health, promote human capital investment and, more generally, measurably equate opportunities of lower- and higher-income children? The ideal set of data to address these questions would span two generations, and contain information about the economic position and welfare experiences of the parental household during the entire period of childhood matched with comparable information about the children during the entire time when they are raising their own children in independent households. No existing body of longitudinal data covers a sufficiently long period to provide all of this information, and retrospective information about one's parents' welfare experience cannot be recalled reliably. However, the PSID sample does contain a representative subsample of children observed first for several years as members of their parents' household and then later in their own households. It thus provides a substantial portion of the necessary intergenerational information.

Research on this issue has examined the transmission of welfare receipt and dependency using 14 years of data from the PSID on young adults and their parents. The data provide yearly measures of the economic well-being, including welfare receipt, of the parental household while the children lived at home, as well as measures of the young adults' economic experiences over the period after leaving home.

The transmission of welfare use was investigated by relating the young adult's welfare dependence to parental welfare dependence and a set of parental background measures such as parental education levels, number of siblings and religion. The results are surprising:

- Only a minority of black and white women growing up in heavily welfare-dependent homes are themselves heavily dependent on welfare in their own households.

- For black women, there is no significant link at all between the welfare dependence of parent and child.

Only 19 percent of the representative sample of black women coming from highly welfare-dependent parental homes were themselves observed to be heavily dependent upon welfare when they had established independent households, while an additional 29 percent received some welfare income, but not more than one-quarter of family income. Most remarkable is the fact that the 19 percent figure is not very different from the comparable fraction (14 percent) of black women coming from households in which *no* welfare was received who subsequently became heavily dependent on welfare themselves. In fact, more sophisticated analyses showed no statistically significant effects among blacks of parents' welfare dependence on their children's likelihood of welfare dependence. The only evidence of welfare dependence transmission was observed for whites, and then only for very high levels of parental welfare dependence, based on a small number of observations, and with effects that were not consistent across all models tested.

Researchers have related the work hours of young men to measures of parental welfare receipt, to explore links between parental welfare background and the labor supply of young men. Welfare receipt was found to have no significant effect on the work hours of black men. However, white men coming from parental homes with heavy dependence on welfare averaged seven fewer hours of work per week than did otherwise similar white men.

In sum, there was no evidence of statistically significant links among blacks between welfare receipt by parents and either welfare receipt or labor supply of children once they had established their own households. Possible links exist for whites, but only for the quite small fraciton of white children coming from the most heavily dependent families.

IV. THE BEHAVIORAL EFFECTS OF THE WELFARE SYSTEM

These findings provide a consistent, if still little known, view of the welfare system and of welfare usage. There are four key findings: the preponderance of short-term usage of the welfare system, the substantial extent to which receipt of welfare income alternates or is mixed with income from other sources, the importance of demographic events if affecting entries into and exits from welfare, and the absence of an intergenerational transmission of welfare status.

Moreover, it appears that welfare programs and funds are fairly well-targeted on the most needy. One indication of this is the high fraction of total AFDC program resources that go to long-term recipients. Because, as explained earlier, long-term recipients always comprise a majority of current recipients, they naturally receive a majority of benefits. Some 24 percent of all welfare recipients account for 56 percent of all person-years of welfare use and received a corresponding share of all benefits.

Research shows that of individuals who would have been persistently poor over a ten-year period in the absence of welfare benefits, almost 97 percent received some benefits and more than 84 percent received benefits more than half the time. Only about five percent of the temporarily poor individuals received benefits during more than half of the period and virtually none (0.4 percent) of the individuals who lived in families with pre-transfer incomes above the poverty line for the entire period received benefits for more than half of the period.

The generosity of the programs--the extent to which program benefits lifted needy individuals above the poverty line during periods of receipt--is a different matter. Here the evidence indicates that transfer programs leave many of those persistently poor in the absence of benefits still poor even after the receipt of benefits.

Although this descriptive evidence provides substantial support for a benign view of how the welfare system operates for the majority of recipients, it has one important weakness. To assess the welfare system adequately, one needs to go beyond descriptive evidence on patterns of usage and consider the possible effects of the welfare system on the behavior of individuals, especially on the minority of long-term recipients. Consider, for example, the finding that 75 percent of all welfare spells begin following a divorce, separation or out-of-wedlock birth. If one views those demographic events themselves as unaffected by the operation of the welfare system, then the welfare system might be regarded as a kind of insurance system, usually providing assistance to individuals facing temporary misfortune. But if those events are endogenous--that is, increased by the availability or generosity of welfare--one would want to draw a quite different conclusion, especially if the impact were substantial. The same point can be made about the extent to which welfare reduces "latent poverty," if, as Murray and others have argued, the availability of welfare increases latent poverty in the first place.

Perverse behavioral effects are at the crux of the argument that the welfare system is a cause of rather than a cure for poverty. There appear to be two general kinds of concerns: 1) that the existence of a welfare system encourages a class of undesirable individual behavior that substantially increases pre-transfer need; and 2) that receipt of welfare is in itself harmful in that it creates dependence and discourages self-sufficiency. The first category includes two separate kinds of effects: the potentially adverse effect of welfare on labor supply as well as its possible impact on divorce, marriage, childbearing, and living arrangements. The second category is less clearly defined, but presumably implies that welfare receipt has a destructive effect on personal values and attitudes.

The rest of this section summarizes evidence on the potential negative impact of the welfare system on behavior. I begin with the one issue on which there is fairly good evidence: the labor supply effect of welfare. I then turn to the family structure issue, and conclude with an examination of the dependence problem.

Welfare and Labor Supply. The desire to provide low income families with an adequate standard of living, and yet to limit welfare benefits to the most needy, typically makes it necessary to impose high benefit reduction rates. This, as economists have pointed out at least since the early 1960s, is equivalent to a high rate of taxation on earned income, especially as compared with the tax rates which face low income families in the positive income tax system. Compared with the situation they would face in a world without welfare, welfare recipients have both a higher gross income and a much lower wage rate, both of which are expected to reduce labor supply.

There are two kinds of evidence to use in evaluating this work disincentive effect. One comes from annual surveys of AFDC recipients, which typically show that only a small fraction of women receiving AFDC are currently employed. For instance, in March 1983, less than 6 percent of AFDC recipients were employed, down sharply from over 15 percent a decade before. While this may seem to suggest an enormous labor supply effect, such a conclusion is unwarranted without evidence on what the labor supply of these women would have been in the absence of AFDC. In view of the typically low educational level and job skills of many welfare recipients as well as the presence of young children in many welfare households, it is not clear that the labor supply of these women would have been very large in any event. In addition, as pointed out in Section III, recipients appear to alternate frequently between income from work and welfare, and the periods of welfare receipt may be caused by the unavailability of work.

More helpful in assessing the likely labor supply effects of welfare are the results of the Negative Income Tax experiments. While these experiments were designed primarily to examine the effects of extending welfare benefits to intact families, the labor supply results provide estimates of structural labor supply parameters which can be used to infer the likely impact of the current system on labor supply. Consensus findings from the various NIT experiments suggest that the estimated annual labor supply of female heads falls by 78 hours for each one dollar wage reduction caused by the higher welfare tax rate and falls by 55 hours per each $1,000 increase in annual income. Illustratively, a woman whose wage was decreased by $2.50 an hour and whose net income was increased by $2,000 per year would, on account of these welfare-induced changes, reduce her work hours by about 305 hours per year.

To predict the actual labor supply impact requires information on the exact wage and income changes for each eligible woman. One set of researchers used that kind of information to make labor supply estimates of hypothetical welfare programs with different levels of generosity. For example, for a relatively generous program (maximum benefits equal to the pvoerty level and a 70 percent benefit reduction rate), they estimated that the annual labor supply of those female heads who chose to receive welfare would fall by about 15 percent on average. The labor supply effects for less generous programs were somewhat smaller than that.

This estimate is far from insignificant, but also substantially less than might be inferred if one assumed that current recipients would otherwise be full-time workers. Additional evidence from the NIT experiments suggests a relatively modest (five percent) labor supply reduction for husbands if intact families were made eligible for assistance.

Welfare and Family Structure. The argument that AFDC affects family structure is quite simple and, indeed, it is among the oldest criticisms of a welfare system that predicates assistance on categorical status. By raising the income available to a single woman with dependent children but not to intact families or a single woman without children, AFDC is alleged to encourage marital instability, illegitimate births, and the establishing of independent households by unmarried mothers, while discouraging marriage and remarriage. This hypothesis is unquestionably plausible, and it is broadly consistent with aggregate time trends that show an increase in the fraction of female-headed fmailies as a consequence of rising rates of divorce and falling rates of marriage.

More detailed individual-level studies of various family structure decisions have, however, failed to find consistent empirical evidence that the welfare system plays an important role in these decisions. The issue has been extensively studied for over a decade, producing some scattered evidence of AFCD effects on some family structure decisions but with many studies failing to find an impact. And in no case are the estimated effects large enough to account for very much of the time-series trends in divorce, illegitimacy, or female headship rates.

The best, most comprehensive, and most recent work on this general topic, by Mary Jo Bane and David Ellwood of Harvard University, examines a lengthy list of family structure variables and finds some evidence of AFDC effects. In this research, AFDC was shown to have no measurable impact on births to unmarried women and only a modest effect on divorce or separation as well as on female headship rates. Its biggest impact was on the living arrangements of single mothers, with young mothers not living with a husband more likely to live independently rather than in the home of a parent in states with high AFDC benefit levels. They concluded that "the more significant the family structure or living arrangement change, the less influence AFDC seems to have." More generally, though, they concluded that welfare was not the primary cause of variation in family structure across states or over time and that, instead, this variation reflected "largely unmeasurable differences in culture, attitudes, or expectations."

Does welfare receipt cause dependence? The patterns of welfare receipt described in the third section clearly allay the concern that any brush with the welfare system necessarily leads to dependence. Most spells of welfare use are of relatively short duration and most recipients mix or alternate between income from work and welfare. Even accounting for repeat spells, half of all welfare recipients spend less than four years of their lives on welfare. Furthermore, most children raised in heavily dependent homes do not themselves become dependent adults.

Still, about 30 percent of all individuals who ever begin welfare spells are estimated to spend eight or more years on welfare (not necessarily consecutive and not necessarily receiving the majority of their income from welfare) during their prime working years. Thus, while the welfare system does not appear to lead to long-term dependence for most individuals who ever receive welfare income, there is a far from insignificant number of adults and chidlren in the United States, at least several million, who live in families that could be described as dependent upon welfare. One sixth of all black children live in households that are heavily dependent on welfare.

What is not yet clear, however, is whether the welfare system is itself the cause of this dependence. A pattern of relatively continuous welfare use may indeed be the result of a causal process in which initial receipt produces changes in attitudes or behavior that make subsequent receipt more likely. Alternatively, that pattern of receipt may reflect the permanent characteristics of an individual (including measured traits like disability status or education as well as unmeasured values and attitudes) which are the cause of both the beginning of a spell of welfare and its continuation. In this instance, the actual receipt of welfare has little or no independent effect on the length of receipt.

Statisticians obfuscate these phenomena with the terms "state dependence" and "heterogeneity," respectively, and distinguishing between them in empirical work is extremely difficult. It is not enough to observe that some welfare recipients receive benefits for many years or that receipt at one time is correlated with subsequent receipt. Such evidence is consistent with either or both explanations.

Thus far, the evidence for the state dependence explanation is relatively weak. Implicit in that argument is the idea that contact with welfare causes some behavior or attitudes to change, whereas the heterogeneity explanation assumes that unchanging characteristics are crucial and that welfare plays no causal role. Thus, potential tests would involve identifying some set of attitudes that are changed in welfare recipients by the receipt of welfare. But no such changes have been successfully identified in empirical work. One study examined the possible links between AFDC receipt and measures of personal efficacy and future orientation, in order to assess whether welfare had a negative impact on those measures. Although other studies have found that wage and employment changes affected these measures, welfare receipt did not prove to have an impact.

The substantial evidence that most welfare use is short term suggests strongly that whatever dependence effect welfare may possess is relatively weak. Furthermore, as noted in Section III, welfare usage does not appear to be transmitted from one generation to another. If welfare receipt had a strong behavioral effect, an intergenerational effect would be likely. While it is possible that further research will uncover a causal link between current welfare usage and future usage, such a relationship has not thus far been established.

Does welfare help children? Discussions of the intergenerational aspects of welfare receipt have rarely progressed beyond the negative issues of whether welfare dependency is passed on from one generation to the next. Since welfare benefits are presumed to be--at least in part--investments in children living in recipient households, it is important to assess the extent to which parental income in general and welfare income in particular are linked to the positive attainments of children such as schooling and earnings in adulthood.

Despite the existence of appropriate intergenerational data from the PSID, to my knowledge there have been no studies of this issue. More general studies of the role of parental income on the attainment of children have found significant such links, even after controlling for parental education and occupational status. Interestingly, several studies have found that parental income accounts for many of the detrimental effects of growing up in a single-parent household. But none of these studies has attempted to estimate the role of welfare income as such in the intergenerational attainment process, taking into account both the income augmentation and stabilization functions of welfare programs plus the possible negative effects of growing up in a welfare-dependent home. This topic is also an important one for the future welfare research agenda, which needs to address both positive and negative consequences of welfare.

V. SUMMARY

This dynamic evidence on the nature of need and welfare experiences shows that a surprisingly large proportion of poverty and welfare spells are only short-lived. Although the number of persistently poor or persistently dependent families is far from insignificant, the more typical situation is one of temporary need, caused by a bout of unemployment, a divorce or similar labor market or family event. Many of the temporarily needy do not use the welfare system at all, and those who do usually receive welfare for relatively short periods. Welfare recipients often alternate between welfare receipt and work, and most children growing up in heavily dependent homes do not become heavily dependent when they establish their own households. Taken together, this evidence suggests that the welfare system functions fairly well for the majority of recipients as insurance against temporary misfortune.

While they constitute a minority of all recipients, the fact that several million individuals are persistently dependent on welfare raises questions of whether welfare itself promotes divorce or out-of-wedlock births, discourages marriage or instills counterproductive attitudes and values in recipients. Sparse evidence on the effects of welfare on the attitudes of recipients fails to show any such links. Whether welfare affects family decisions is, in my view, an unresolved question at this point.

Future research will have to be done to determine whether welfare has any significant impact on dependence. Another important question for the future research agenda is whether or not welfare measurably improves the economic opportunities of children in recipient families. The evidence available at this point, however, does not support the view that Great Society welfare programs have hurt rather than helped poor people. That view, based solely on cross-sectional evidence, is simply not compatible with longitudinal evidence showing the benign nature of most contact with welfare.

NOTE

This testimony was adapted from the paper "Welfare Dynamics and the Nature of Need," written by Greg J. Duncan and Saul D. Hoffman, which will appear in the July issue of the CATO Journal. The published version contains a complete bibliography.

Chairman **Ford**. Thank you very much.

Ms. Sawhill, with The Urban Institute.

STATEMENT OF ISABEL V. SAWHILL, SENIOR FELLOW, THE URBAN INSTITUTE

Ms. **Sawhill**. Thank you, Mr. Chairman. I also am very pleased to have this opportunity to testify. My written testimony focuses on the question of whether or not the welfare system undermines family stability and treats many of the same issues that Greg Duncan has just touched upon. In my oral testimony, therefore, I will focus a bit more on the potential of employment and training programs to move people off of the welfare rolls, which I understand is your major interest today, but let me try to summarize the overall testimony as well.

The poverty rate has not fallen very much over the past 20 years and there are a number of reasons for this including the poor performance of the economy, erosion of the value of welfare benefits by inflation, and cutbacks in spending on antipoverty programs after 1981, but one additional important reason has been changes in the composition of the family.

There have been, as everyone knows, dramatic changes in family composition and in the living arrangements of children over the last several decades, and these changes—the growth of female-headed families in particular—have made it more difficult to eliminate poverty than we once thought.

It is estimated that the poverty rate would be about one-quarter lower now, in the absence of those changes in family composition. That is my first point.

My second point is that welfare has been a minor rather than a major factor in accounting for this trend. I think this is the same point that Greg Duncan just made. Welfare does seem to encourage or permit young mothers to live independently rather than with parents or other relatives, and it also appears to increase divorce and reduce remarriage, but these effects are very small and not that well established in the literature, and as Greg emphasized, can't begin to explain the large changes in family composition we have observed.

The major reason for the growth of female-headed families among whites is divorce, and higher divorce rates seem to be mainly related to women's greater financial independence. The major reason for the growth of female-headed families among blacks has been the failure of young black women to marry, and as a result, an increase in out-of-wedlock childbearing. The causes of this are not well understood, but many people believe that it is related to a lack of job opportunities for young black males in disadvantaged inner-city communities.

My third point is that rather than focus on the role of the welfare system in undermining families, it would probably be better if we searched for new or more effective ways of, first, preventing teenage pregnancies; second, getting the young men in low-income communities back into the labor force; third, encouraging or requiring fathers to contribute to the support of their children; and fourth, providing work as well as welfare to women heading families.

Let me now elaborate on this fourth strategy, providing work opportunities for welfare recipients. As I am sure you know, almost half of the States now have some kind of work-welfare initiative, at least in a few counties.

Recently two of our largest States, New York and California, with a substantial proportion of the national welfare caseload, have announced that they will implement some version of workfare statewide. These initiatives are being touted as the most promising new idea in the whole welfare reform area. The question is how well will they work.

So far the results are somewhat promising. We have all heard the success stories emanating from Massachusetts, where their Employment and Training Program, commonly called ET, has placed more than 24,000 welfare recipients in jobs. These jobs pay an average of a little over $5 an hour, or roughly $10,000 a year on an annual basis.

While the State has invested heavily in the services offered to participants, it reports net savings of about $60 million from the program, even after these costs have been accounted for.

What isn't clear is how much of this success is due to the tight labor market in the State, and the normal turnover of the welfare population since there has been no control group with which to compare the experience of those going through the program.

Recently completed evaluations, however, by the Manpower Demonstration Research Corp. of a variety of work-welfare initiatives in San Diego, Baltimore, and Arkansas indicate moderately encouraging results in terms of increased earnings for participants, and welfare savings for taxpayers. However, the positive effects are generally small, and the results have not been consistent across all groups and all sites.

For example, in San Diego both the AFDC women and taxpayers were better off as a result of the program. In Baltimore the major gainers were the AFDC women, rather than taxpayers, and in Arkansas the reverse was true.

Moreover, it is not yet clear what mix of program services and/or work requirements is optimal in achieving either of these results.

A somewhat clearer finding is that the group most likely to be helped is AFDC women with little prior employment experience. I think an important caveat with respect to the potential of workfare-type initiatives to solve the welfare problem is to remember that nationwide about 60 percent of welfare recipients have children less than 6 years of age, and are thus usually exempt from any requirement to participate in the program.

However, I should also note that in Arkansas, where with the help of a Federal waiver, the State instituted a work requirement for mothers of children aged 3 to 5, the program for this group with younger children was quite successful and in Massachusetts 35 percent of the participants in the ET program are the mothers of children under 6 years of age, and they have been voluntarily signing up for the program increasing numbers. I think that there is some need to rethink our current strategy of excluding this group. Reaching them could have important benefits in curbing long-term dependency as long as day care services can be made available. My reading of the evidence from various demonstrations and programs is that so far day care has not been a major problem or barrier for the women signing up for the program.

In conclusion, I would say that providing work opportunities for welfare recipients is an important strategy to pursue, but is no panacea, and will need to be combined with efforts to reduce teenage pregnancy and childbearing, provide more jobs for young men as well as young women, and encourage more financial responsibility for children among fathers.

Thank you very much.

[The prepared statement follows:]

DOES WELFARE UNDERMINE THE FAMILY?

by

Isabel V. Sawhill*
The Urban Institute

Back in 1964 when the U.S. announced a War on Poverty, the proportion of the overall population living below the poverty line was 19 percent. By the early 1970s, the proportion had fallen to 11 or 12 percent where it remained until 1980 when two recessions and cutbacks in government spending increased it again. Currently the official poverty rate is a little over 14 percent, higher than it has been at any time since 1967. When the value of food and housing assistance is included the rate falls to just under 13 percent, suggesting a slightly greater decline in poverty since 1964 since such benefits were small at that time. However, I think it is fair to say that most people had expected that by now the rate would be much lower. For one thing, economic growth automatically shifts up the entire income distribution and over time should have left a smaller and smaller fraction of the population below an income threshold that is fixed in real terms. For another, income transfers have grown more generous and a whole panoply of education and training programs have been created to help the poor become more self-sufficient. Why then is the official poverty rate as high today as in 1967?

There are a number of answers to this question including the fact that the economy has been performing poorly in recent years, that inflation has eroded the real value of welfare benefits since the mid-1970s, and that the Reagan Administration has further curtailed spending on the poor. Each of these topics is worthy of further discussion but I would like to focus today on still another reason why the War on Poverty was less successful than its architects had anticipated--changes in the family.

Changes in Family Structure and its Contribution to Trends in Poverty. As we all know, the past 20 years have seen major changes in the structure of the family and the living arrangements of children. The proportion of all families with children that is headed by a woman has more than doubled over this period with the result that by 1984, 17 percent of white families and 56 percent of black families with children were headed by a single, divorced, separated, or widowed woman rather than by a married couple or an unmarried male. Put somewhat differently, in 1960 one in twelve children lived with a single mother; currently one in five do. And demographers are now projecting that nearly one half of all children born in the early 1980s will live in a female-headed family before they reach maturity.

Most people are now familiar with these statistics because they have gotten a lot of attention in the media and elsewhere. The recent Bill Moyers documentary on the black family, and the new book by Senator Moynihan, based on his Godkin lectures at Harvard, both focused on these trends. And there have been countless newspaper articles and several government reports on the growing incidence of poverty among children and its relationship to the growth of families headed by women. My own interest in the topic stems from the early 1970s when I co-authored a book on the topic and I've recently been studying the issue again as part of a review I'm doing of the scholarly literature on poverty.

What I want to emphasize now is that a large number of female-headed families--about half, to be specific--are poor. And given this fact, the growth in their numbers has tended to increase the incidence of poverty in the overall population. For example, it is estimated that the poverty rate would be about one-fourth lower now in the absence of the striking changes in family composition that have been occurring since about 1950 and which accelerated in the 1970s.

Quite apart from the poverty associated with living in a female-headed family, many people are concerned about the social and psychological effects on children who grow up in these fatherless families and whether such families are the breeding ground for a new underclass in American society. While it has proven very difficult to isolate the impact of the absence of the father from the impact of a poor economic environment since the two usually go hand in hand, common sense tells us that for all kinds of reasons, and not just economic ones, two parents are usually better than one.

---

* Any opinions expressed herein are the author's and do not necessarily reflect those of the officers, trustees, or sponsors of The Urban Institute.

Reasons for the Growth of Female-Headed Families. In searching for explanations for the growth of female-headed families, economists typically begin with the underlying demographic trends that have contributed to this growth--that is, trends in divorce, separation, marriage, remarriage, widowhood, and out-of-wedlock fertility. What we now know about these demographic factors is the following:

First, the growth of female-headed families among whites is predominantly due to greater divorce.

Second, the growth of female-headed families among blacks is predominantly due to the fact that an increasing number of young black women are not marrying at all. In spite of all the talk about teenage pregnancies, the fact is that fertility rates among teenagers have declined over the past 20 years for both races because of the greater availability of contraception and abortion. These--abortion in particular--have more than offset the increased rates of sexual activity among adolescents, both black and white. But in the black community--in spite of lower rates of childbearing--much more of it is occurring outside of marriage. In fact, more than half of all black babies are now born to unmarried mothers.

Third, some of the growth of what the Census Bureau calls female-headed households is not the result of underlying changes in marriage, divorce, or fertility but rather is due to an increased tendency for unmarried or divorced mothers to live in their own independent households rather than double up with relatives (usually their own parents). However, this has been a minor factor compared to the increase in divorce and out-of-wedlock childbearing.

Role of the Welfare System. Having identified the demographic sources of the growth of female-headed families, the next question is why is there so much more divorce and out-of-wedlock childbearing than there used to be? One obvious suspect is the welfare system. Welfare lowers the cost of having a child out of wedlock and the costs of breaking up a marriage. In fact, some people believe that in the process of trying to relieve the symptoms of poverty we have exacerbated the disease.

Charles Murray, for example, argues that the elimination of AFDC and other welfare programs would "drastically reduce births to single teenage girls" and "would reverse the trendline in the breakup of poor families." Gary Becker, the next President of the American Economic Association, states that "the welfare state has been a powerful force that has changed the family in recent decades."... "the expansion of welfare, along with the general decline in the gain from marriage, explains the sizable growth in the ratio of illegitimate to legitimate birth rates despite the introduction of the pill and other effective contraceptives." [Treatise on the Family, p. 251-2] And President Reagan noted in this year's State of the Union address that the breakdown of the family "has reached crisis proportions" and that the nation must find new ways to "escape the spider's web of dependency". To this end, he has charged the White House Domestic Council to prepare by December 1, 1986 an evaluation of past poverty programs and a strategy for action that will lead to "real and lasting emancipation" from dependence on welfare.

Before we jump to any conclusions about the effects of welfare on the family, we should review the empirical evidence on this question. There is by now quite a large body of research that has examined the effects of welfare on the prevalence of female-headed families. Most of this research relies on the natural variation in welfare benefit levels across states to measure these effects. It turns out that this variation is quite large, with maximum AFDC benefits for a family of four varying from $120 a month in Mississippi to $660 a month in California. Let me try to summarize the findings.

First, the evidence suggests that welfare does not encourage out-of-wedlock childbearing.

Second, welfare appears to increase divorce rates slightly and to discourage remarriage.

Third, welfare appears to have large effects on the living arrangements of single mothers, encouraging or permitting them to establish independent households away from the parental home. The significance of this last finding is unclear because we don't know very much about whether independent living is good or bad for single-mothers and their children or what the implications would be for their parents or other relatives if we were to encourage more doubling up of families. However, the likelihood of some welfare savings and the possibility that many teenage mothers and their children might benefit from remaining in the parental home suggests to me that this issue should be re-examined.

While I think the above summary of the evidence on welfare and the family accurately reflects the current state of our knowledge, the data and models upon which it is based have a number of weaknesses that should caution us against accepting these findings uncritically. Some people have argued that such studies miss the point because a minimum level of welfare support is available everywhere and it is this threshold effect and not the variation in the generosity of benefits that matters. Moreover, there may be dynamic effects whereby the availability of welfare initially made single-parenthood more feasible in low-income communities but as it became more feasible it also became more acceptable. If this hypothesis has some validity, then eliminating or curtailing welfare would not necessarily have the desired effects because these attitudes or lifestyles, once established, are difficult to reverse.

Although past research has not resolved all the issues in this area, I think it is clear that welfare is not the major cause of the growth of female-headed families because if its effects were large, we would have detected them even with rather simple-minded techniques. As noted earlier, the major reason for the growth of female-headed families in the black community in recent years has been the increase in out-of-wedlock childbearing, and no study has been able to establish a relationship between this trend and the welfare system. Ethnographic or journalistic accounts of life in low-income communities suggest that adolescent pregnancy and childbearing are motivated by a complex set of forces that standard research techniques may never be able to fully capture. In the meantime, having established that welfare is not the major cause of the growth of female-headed families, researchers have been looking elsewhere for an explanation. If it isn't welfare that is leading to these unsettling changes in family structure, what is it?

Other Reasons for Changes in Family Structure. There are three other possible explanations, all of which may have played some role. First, a decline in job opportunities for young black males in low-income communities. Second, increased job opportunities for women. And third, a change in cultural norms or attitudes.

Joblessness among black males has been a theme ever since Senator Moynihan wrote his original report on black families back in the early 1960s. And the same research literature that shows that welfare has been a minor factor in the growth of female headed families shows that male unemployment rates are correlated with marital instability and female headship rates. One recent paper by Professors Wilson and Neckerman of the University of Chicago looks at the ratio of employed males per 100 women in the same age and race group and finds that among younger blacks this ratio has fallen quite precipitously over the past 15 or 20 years as the result of unemployment, death, incarceration, and other factors. In other words, the pool of marriageable males is increasingly limited. This leaves unanswered the question of why low-income black males are having increasing difficulty in the labor market or are dropping out of the labor force altogether, but it is a topic that deserves further attention.

Research has also documented quite strongly that women with access to independent sources of income--whether in the form of welfare or, as is more frequently the case, in the form of their own earnings--are more likely to divorce or separate from their husbands. This finding has led many people to conclude that it is the increased labor force participation and higher earnings of women that have been the principal factor behind the rising divorce rates of recent years and the growth of female-headed families, particularly among whites. The usual interpretation is that women now have the economic wherewithal to terminate an unsatisfactory marriage.

Finally, attitudes and cultural norms about sexuality, marriage, and the family have changed substantially. Public opinion polls or surveys show that divorce has become much more acceptable and that sexual norms among young adults have shifted dramatically. What is less clear is whether these changes precipitated, or simply accompanied, changes in behavior. But even if changes in attitudes represent an adjustment to, rather than a cause of, changes in behavior, they can play a significant role in perpetuating or accelerating ongoing trends.

Summary and Policy Implications. What conclusions can we draw from this brief review of the evidence? I think there are three:

1. The growth of female-headed families is a disturbing trend that has made it more difficult to eliminate poverty than we once thought.

2. Welfare has been a minor rather than a major factor in accounting for this trend, and reducing the availability of welfare is unlikely to reverse the trend.

3. Rather than focus on the role of the welfare system in undermining families, it would probably be better if we searched for new or more effective ways of (a) preventing teenage pregnancies, (b) getting the young men in low-income communities back into the labor force, (c) encouraging or requiring fathers to contribute to the support of their children, and (d) providing work as well as welfare to women heading families.

In the remainder of my testimony, I'd like to make some brief comments on the last two of these four alternatives.

Child Support. One reason that over half of women heading families with children are poor is because they receive little in the way of child support from the fathers of their children. In 1983, 42 percent of poor female-headed families potentially eligible to receive support had child support awards, and only 62 percent of those with awards received even partial payment. Thus, about three-quarters of these families receive no support. Numerous recent studies show that if child support awards were more prevalent, more generous, or better enforced, poverty and welfare costs could be substantially reduced. These same studies suggest that even perfect enforcement of existing awards would have only modest effects on poverty whereas more generous awards, universally imposed on absent parents, would have a substantial impact. For example, it is estimated that the kind of system about to be tested in Wisconsin could reduce the poverty gap by 40 or 50 percent. The Wisconsin program relies on automatic wage withholding for child support obligations. It requires that noncustodial parents contribute 17 percent of their income for one child, gradually increasing to 33 percent for 6 or more children. And finally, it insures that all children receive a minimum child support benefit in cases where the absent parent has insufficient resources. Preliminary estimates suggest that the minimum assured benefit can be completely or largely funded by the welfare savings associated with the system. Of course, asking noncustodial parents to contribute as much as one-third of their income in child support remains controversial in part because we do not know very much about what effects it would have on their own standard of living.*

---

* The Urban Institute, together with NORC, has recent completed a pilot survey of absent parents. In the next couple of months, the Office of Child Support Enforcement must decide whether to fund the final phase of the project which would provide a nationally representative picture of absent parents and their resources. Funds for this purpose are currently in jeopardy due to Gramm-Rudman, but failure to carry out the survey could turn out to be penny wise and pound foolish, given the potential of child support to partially replace welfare as a major source of income for children in single-parent families.

Work and Welfare. Another reason for the low incomes of female-headed families is lack of earnings so a second promising approach, also being tested at the state level, is to require or encourage welfare recipients to work.

Recently completed evaluations by the Manpower Demonstration Research Corporation of a variety of work-welfare initiatives in San Diego, Baltimore, and Arkansas indicate moderately encouraging results in terms of increased earnings for participants and welfare savings for taxpayers. However, the positive effects are generally small and the results have not been consistent across all groups and all sites. For example, in San Diego both AFDC women and taxpayers were better off as a result of the program. In Baltimore, the major gainers were the AFDC women rather than the taxpayers and in Arkansas the reverse was true. Moreover, it is not yet clear what mix of program services and/or work requirements is optimal in achieving either of these results. A somewhat clearer finding is that the group most likely to be helped is AFDC women with little prior employment experience.

In conclusion, both of these strategies--replacing public transfers with private transfers (child support) and private income (earnings)--appear promising. In my view, both need to be supplemented by measures to inhibit the initial formation of poor female-headed families and to provide adequately for their needs when other measures fail.

REFERENCES

BANE, MARY JO AND ELLWOOD, DAVID. "Single Mothers and Their Living Arrangements." Contract No. 100-82-0038, Department of Health and Human Services, 1984.

BAWDEN, D. LEE, Ed. *The social contract revisited*. Washington, DC: The Urban Institute Press, 1984.

BECKER, GARY. *A treatise on the family*. Cambridge/London: Harvard U. Press, 1981.

BISHOP, JOHN. "Jobs, Cash Transfers, and Marital Instability: A Review and Synthesis of the Evidence," *J. of Human Resources*, Summer 1980, 15( ), pp. 301-334. ????

ELLWOOD, DAVID AND BANE, MARY JO. "The Impact of AFDC on Family Structure and Living Arrangements." Grant 92A-82, Department of Health and Human Services, 1984.

GARFINKEL, IRWIN. "Child Support Assurance: A New Tool for Achieving Social Security. U. of Wisconsin, Madison, WI, Oct. 1985.

GARFINKEL, IRWIN AND MCLANAHAN, SARA. *Single-mother families and public policy: a new American dilemma*. Washington, DC: The Urban Institute (forthcoming).

GUERON, JUDITH M. *Work initiatives for welfare recipients*. New York, NY: Manpower Demonstraton Research Corporation, March 1986.

MACDONALD, MAURICE AND SAWHILL ISABEL. "Welfare Policy and the Family," *Public Policy*, Winter 1978, 26(1).

MOORE, KRISTIN AND BURT, MARTHA. *Private crisis, public cost: policy perspectives on teenage childbearing*. Washington, DC: The Urban Institute Press, 1982.

MURRAY, CHARLES. *Losing ground: American social policy, 1950-1980*. New York: Basic Book, Inc., 1984

QUIGLEY, J. AND RUBINFELD, DANIEL. Eds. *Agenda for metropolitan America*. Berkeley, CA: U. of California Press, 1985.

ROSS, CHRISTINE; DANZIGER, SHELDON AND SMOLENSKY, EUGENE. "The Level and Trend in Poverty, 1939-1979," The Inst. for Research on Poverty, U. of Wisconsin, 1985.

ROSS, HEATHER AND SAWHILL, ISABEL. *Time of transition: the growth of families headed by women*. Washington, DC: The Urban Institute Press, 1975.

U.S. BUREAU OF THE CENSUS. "Child Support and Alimony: 1983," Current Population Reports, Series P-23, No. 141, Washington, DC; U.S. GPO, 1985.

______. "Estimates of Poverty Including the Value of Noncash Benefits: 1984," Technical Paper 55, Washington, DC: U.S. GPO, 1985.

Chairman FORD. Thank you very much.

I would like for the witnesses to know that your printed testimony will be made a part of the record, as well as your testimony that you have given before the committee.

Ms. Sawhill, you mentioned in your printed statement the reasons for the growth of female-headed families. You mentioned on page 2—and I don't think this was a part of your verbal testimony—you mention here that first the growth of female-headed families among whites is predominantly due to greater divorce. And you made mention—and you can correct me if I am wrong—in your testimony, that one of the problems for this growth was teenage pregnancy among blacks.

You mentioned one or two other things, I think, providing work for women heading households. But I notice here that growth among whites is predominantly due to greater divorce. I guess the trend among blacks is a teenage pregnancy problem that has added to the greater degree of welfare dependency and female-headed households.

Ms. SAWHILL. That is what my testimony says, because that is what statistical analysis of the problem shows. However, I should note that in both communities, both the black and the white communities, both things are going on. Out-of-wedlock childbearing amongst whites has been going up in recent years, and is part of this trend, and similarly in the black community, divorce and separations are an important component of the problem, but there are differences, and statistically that is——

Chairman FORD. You said divorce and separation. Oftentimes you will find with a teenage pregnancy that occurs, and multiple pregnancies afterward, there is never a marriage involved in many of these cases.

Ms. SAWHILL. That seems to be the major point, and that is exactly what should be emphasized, that marriage simply isn't occurring. Actually, the fertility rate has been going down, including the fertility rate amongst young unmarried black women, or at least it hasn't been going up. But the problem is that they are not getting married, which brings us back to this question of are there enough marriageable males, meaning employed males who would make appropriate husbands, out there in the communities where they live? Many people have argued that there is evidence that the jobs aren't there, that there simply isn't any incentive for these young women to get married.

Chairman FORD. What about the young male, what about the male? Should he be a component of a welfare reform package? You mentioned earlier about the labor force employing more young males. That seems to be one of the problems when we see that there is a growing epidemic with the teenage pregnancy problem in this Nation, and young males oftentimes, even if they marry, in urban areas or distressed areas it would be very difficult for them to find employment, and those that do not marry, it is very difficult for them to support any pregnancy or birth that the woman might have.

Ms. SAWHILL. Yes. I think that is definitely part of the problem. Unfortunately, we don't know very much about what to do about it. We have had some programs, such as the Job Corps and various other employment training programs, which have targeted heavily on disadvantaged unemployed young people, but we are not spending very much on these programs now, as you know. We are cutting them back. Not all of these programs have been an overwhelming success, but some of them have. The Job Corps, for example, is generally believed to have been a very successful program.

I think that it is a mistake to focus only on the women in these communities, and forget about the men.

Chairman **Ford**. I guess this question is to all of the panel members, all three. Given what you know about the AFDC caseload, the issue is what type of families do you think should be our first priority in a work, education and training program? If we were to prioritize, give priority to, the caseload of those recipients, how should we do that in drafting and in setting policy with a new reform package for the welfare system?

Ms. **Kondratas**. Let me try to begin. I think that the focus should be on those women that tend to become long-term recipients, because I think the focus of all of these programs, all these antipoverty programs, should be to try to reduce the extent of poverty, not to construct elaborate support systems, and assume that poverty is going to be with us forever.

Chairman **Ford**. Can that determination be made, who are those long-term recipients?

Ms. **Kondratas**. I think you can make some deductions. You can certainly deduce that inner-city teenage girls that go on welfare, after they drop out of high school, are the most likely to become long-term recipients, so I think you can try to focus programs on pregnant teenage girls that are unmarried. That is one focus. I think it is a very, very important one.

Reducing pregnancies, as Isabelle Sawhill pointed out, might be a very, very important part of that, and as I said, I don't think AFDC reform alone can do that. But I think we should focus on poverty groups, and not necessarily welfare recipient groups. The long-term AFDC problem is primarily a problem of the inner-city ghettos. That is not where the majority of the poor reside.

There are a lot of people in rural areas, for example, that don't get AFDC, or benefits are really small, where social services support systems are very tiny. Rural poverty is very extensive. The war on poverty was launched to help these people, and they are still the forgotten poor in America.

I think we ought to try to focus on people whose social circumstances tend to condemn them to poverty. As a matter of fact, if we leave the AFDC program alone, and let these teenage girls go into the welfare system, we are condemning them in effect to long-term poverty because AFDC will never raise them out of poverty. I think we ought to put more emphasis on education and training, on upgrading inner-city schools.

I think we might even have to change the curriculum in city schools. I don't know how that is possible, because it is a local responsibility. But I think we ought to emphasize very strongly that we need to teach practical economics—I don't mean macroeconomic theory; I just mean the facts of poverty, the fact that unmarried teenage girls are likely to have 75 percent poverty rate and their children are likely to be poor. You have to teach that. And I know it is very difficult and it is not a panacea, but at some point we also have to teach values.

Values are not taught in American schools. I know, because I was a teacher for several years and I remember in the teacher certification programs as well as my practice in Boston public schools that you are not allowed to tell the kids anything, about what things are right or wrong. I think that is a counterproductive effort, and I think we have to start teaching kids things like that.

I am not sure the Government can necessarily do that because of the values question. I think communities have an awful lot of responsibility for turning around economic conditions. We should also remember, when we talk about job creation for inner-city black youth, for example, that there isn't a set number of jobs, and there isn't any job that is good, bad, or indifferent. It is the perceptions of the kids and the cultural values that matter a great deal. It is not something you can change by Government fiat.

There are a lot of innovative programs that various community groups have begun, but I think the Government ought to try to support, which make use of people's strengths and not their weaknesses. I heard of a fantastic program in New York City, where a former—well, a former convict or somebody who had actually gone through the juvenile justice system himself—decided that he knew better what these kids who were on the streets and getting into trouble needed, and he started them in businesses of their own. We keep saying they have trouble getting to jobs on time, their cultural values are different, they don't like bosses. So he set them up in businesses for themselves. And when they came to work it was their own business but they wouldn't make money if they didn't.

They had no boss to answer to because they were their own boss. Kids that were convicted for vandalism were set up in a wrecking company. That was making use of the kids' strengths rather than their weaknesses, to make money. Another group got a contract with the city of New York to remove abandoned vehicles from streets, which they were doing anyway.

In other words, you have to look at other things besides saying the Federal Government has to create the job. I think the enterprise zone legislation should be moved out of Congress. I don't care what partisan considerations there are for having it stuck here. But the fact is that a lot of States have implemented it and it seems to have some promise. There is no one answer, but we really have to, whenever we implement any program, we have to see whether it is getting us closer to our final goal.

Chairman FORD. Ms. Kondratas, let me ask you, knowing that we are working with huge deficits and budget restraints that the Congress has been faced with for the past 5 or 6 years, welfare reform, and outside of waste, fraud, and abuse that you spoke of earlier in your testimony, and now we are talking about innovative changes in a welfare system that would, in fact, address some of the prevention measures for teenage pregnancy, and also some of the training components are built-in programs through primary and secondary schools, the public schools of this Nation, to address the issue of those students who are coming out of the school who cannot read, who need some type of skill training in order to be gainfully employed.

There has been a lot of talk about welfare reform, or some type of a new welfare system, that will address many of these issues that we are discussing today. It is going to be very difficult to convince the Congress, and maybe this administration, to make an investment in a welfare reform system now that certainly would bring about that independence that we are talking about today as we approach the 21st century.

We know that when we institute or provide new programs, whether it is in the primary and secondary levels of education, those programs will cost money—in the short run I am speaking of. But do we take that into consideration, or how do we deal with a welfare reform package, regardless of how the welfare package is drafted dealing with work, education, and training? It is going to cost more dollars in the short run.

We are going to save a lot of children. We are going to bring a lot of people into the mainstream and into the workforce, in the out-years. But how do we convince the American public, the Congress, and this administration on investing dollars now to institute any of these programs in a welfare reform package?

Ms. KONDRATAS. I am not sure that welfare reform necessarily implies increased expenditures. If you refocus expenditures, if you evaluate the 70-plus programs that I mentioned before, there are a lot of programs that can be consolidated. Various people have proposed things like the consolidating of the 10 nutrition programs into nutrition block grants. You don't have to reduce funding in block grants. I am not talking about reductions either. Leave the money issue aside. You don't have to necessarily increase expenditures to get more money to the poor.

For example, food stamps. Basically, it operates as a supplement to AFDC because AFDC benefits are too low. A lot of people don't even spend all of the supplement on food. They spend it on other things, and that is their priority. But various studies have shown that it operates basically as an income supplement, that it doesn't guarantee anyone adequate nutrition so long as you can buy soda pop and alcohol with it anyway.

It is not a question of nutrition. It supplements their income so they can buy enough food. I know it is politically impossible to even suggest this because you would eliminate half the Agriculture Department, but you could really eliminate the Food Stamp Program and increase benefits to the poor. You could also do that through the tax system.

There are many potential simplifications in the Federal administration of welfare. We now have welfare programs in at least six agencies—HHS welfare, Department of Agriculture welfare, and so on—there are plenty of ways to simplify that if you really sat down to determine the purpose of all those programs. You find there is an awful lot of overlap in intent and you support a lot of bureaucracies.

Don't forget all of these bureaucracies, these 8 or 9, are multiplied by 50 because they deal with 50 State bureaucracies, and you find that there is probably a awful lot you could do by taking out the least effective programs or reorganizing them completely, with the assumption—if anybody is suspicious of the other side politically—that there be no reduction and no increase in expenditures, but both really are trying to think of how to make the programs better. There is a lot that can be done.

Chairman **Ford**. That is a tough job to do. I might hear from the other witnesses. Ms. Sawhill.

Ms. **Sawhill**. I think your original question here was who should we target on if we have limited resources. And if we are talking about employment and training programs, then I would say the evidence is quite clear the groups you are most likely to have the greater success with are, first of all, women rather than men, in spite of what I said earlier. That is the evidence. And second, amongst women it is those who are most disadvantaged and have the least amount of previous work experience for whom the programs have been shown to be by far the most effective.

I raised briefly before this question of what to do about women who still have young children, and it has become I think part of our conventional wisdom to assume or believe that they should be excused from any kind of participation.

Chairman **Ford**. What age are you speaking of?

Ms. **Sawhill**. The normal assumption is that women with children less than 6——

Chairman **Ford**. Less than 6?

Ms. **Sawhill**. Yes; they are generally excused from any kind of a participation requirement. I am not convinced that that is wise, in the long run. I think that patterns of dependency begin when people are young, and if you have a woman who is out of the labor force for let's say 10 years, while she has young children, it is much harder for her to get back in. It is also much harder for her to feel very positive about her own abilities to contribute to her family so welfare dependency can affect her own self-image in a less tangible way.

One of the things that has impressed me very much, if I may follow up on this a bit, is that the staff at MDRC and members of the MDRC board who have been making some field site visits, report back that there is a tremendous sense amongst the participants in these programs of improved self-image. They feel positively about themselves as a result of the program.

I myself spent about half an hour talking to several of the participants in the Massachusetts program, and was very much struck by the same thing. Now, that may be a bit anecdotal, but I would relate it to the research that Greg Duncan and his colleagues have been involved in, which shows that people's attitudes and self-image and feeling of being able to control their own destiny is often a function of their economic experiences. And the fact that they have had a successful employment experience turns around their attitudes about themselves and the world in a way that is quite striking.

For those reasons I think it might be desirable to think a little bit more about targeting increased employment and training assistance on this younger group of women who have small children. Obviously this raises the question of what happens to the children, and gets us into issues of day care. But my view there is that we need to be making investments in the early education of children, and it is possible to have programs which both serve the needs of mothers and at the same time provide an enriched preschool experience, like Head Start, for the children involved.

Chairman **Ford**. Can we do this without spending any additional funds?

Ms. **Sawhill**. Well, it is hard to do very much that is worthwhile with no money. However, I reported the findings to you on the welfare savings in several of the work welfare programs that are going on right now, so it does seem possible that we could, with small temporary investments, possibly not incur additional costs that were large.

Chairman **Ford**. What do you consider small and temporary?

Ms. **Sawhill**. Well, in Massachusetts they spent $40 million a year, I believe, on the program, and their gross savings must have been about $100 million, because their net savings after you subtract out the $40 million, have been about $60 million.

Now, the State of California is planning to invest over $300 million in their program, based on their experience in places like San Diego, where the program seems to pay for itself. There may need to be an initial outlay for a few years before all of the returns come in.

Chairman **Ford**. Miss Kondratas indicated earlier that we could take all of the programs that are already in place, reform some of the programs and make certain changes, and it would wash out, that we don't need to spend any additional funds. I am not here advocating or suggesting that we can throw money at this problem. We are really trying to bring about a welfare reform package with certain components within the legislation that would address the issue of welfare itself in this Nation.

We have heard so often that welfare is to blame for so many of these problems, rather than trying to face up to the fact that welfare just might be a dead end for most people, and how do we best address the issue, you know, so we can in fact have welfare, have those independent of the welfare system as we approach the 21st century, knowing that teenage pregnancy is reaching epidemic proportions now and we see that unemployment is still a problem, and we have not been able to break the cycle for those who have been trapped for so long, and half of those who are recipients of welfare seem to remain on welfare for a long period of time.

Even more so than that, we are talking about two-thirds of these people are children, and I think we have to address the issue of the children who are welfare recipients and living on the poverty thresholds of this Nation.

Ms. **Sawhill**. I very much sympathize with the budget problems that you face here in Congress, but I would suggest that it would be a tragedy if this country created a human resource deficit in the process of trying to solve the Federal budget deficit. We do have to keep an eye on the future, and children are our future. Maybe I will end on that note.

Chairman **Ford**. Mr. Duncan.

Mr. **Duncan**. Let me get back to the original question, which is, "Which recipients ought to be the targets of these programs. I think there are two parts to the answer. One is which recipients are likely to be long-term recipients, and the second part is which recipients are likely to respond in a cost-effective way to these programs.

It turns out to be rather difficult to predict which recipients, when they first begin welfare, are going to be on the rolls for a long time. It is true that women who have not married, who have an out-of-wedlock birth and are just starting a welfare spell, that many of them do have long spells, but a substantial fraction of them do not. Previously middle-class women who divorce and begin welfare spells often have short welfare spells, but some of them have long welfare careers.

What we can do I think is to recognize that much of the determinants of welfare spell length is not something that we can observe, but we can try to take advantage of the natural sorting process that goes on in the welfare rolls, and to think, first of all, of waiting for a couple of years before targeting programs on recipients, and allow the natural sorting process that removes many recipients from the rolls to work.

So, generally, I think it makes sense to think of targeting these programs on recipients who have been on the rolls for at least a couple of years.

The one exception to that is one that Anna Kondratas pointed out, and that is that the single group for whom long welfare spells are most predictable are these teen age women first beginning welfare spells with out-of-wedlock births. Their likelihood of a long spell is sufficiently predictable that perhaps separate programs ought to be developed for them.

Chairman **Ford**. You are saying this. When we design this work, education, and training program, in your testimony you talk about how most families receive assistance for a fairly short spell.

Mr. **Duncan**. That is right.

Chairman **Ford**. In other words, there should be a special component within this bill addressing the problem of those, you mentioned the teenage pregnancy, of recipients who come on should be treated differently from those who have been on the welfare rolls for 2 years or more?

Mr. **Duncan**. What I am saying is that by and large this unobserved natural sorting process can be trusted to deliver after 2 years a group who are likely to have substantial additional welfare experience, and that in general the strategy of waiting a couple of years to target programs, rather than starting when they first enroll, is a good one, simply because there is too much that we can't predict about the length of welfare spells based on characteristics.

But to the extent there are predictable elements, it is this group of teenage mothers who are most predictable in having likely long welfare careers, so it makes sense to target that group when they first begin their spells, not wait 2 years for them, if there is some way of distinguishing them and finding programs that will work for them.

The other point that I wanted to make——

Chairman **Ford**. What do we do with the children that Ms. Sawhill talked about, under the age of 6? Child care?

Mr. **Duncan**. Yes.

Chairman **Ford**. Money?

Mr. **Duncan**. Well, I am not advocating providing training but not providing benefits. We enroll them in the AFDC program and then consider enrolling them in training programs and workfare-type programs. Whether or not it makes sense to do that depends upon whether or not money spent through those programs is cost-effective, and as Dr. Sawhill testified, we are beginning to get an idea now of some aspects of these various workfare programs that are cost-effective.

The fact that different States have had a chance to experiment with different kinds of provisions in their programs—some have job search, some have counseling, some have mandatory work—provides a natural kind of experiment, as long as we properly set up the experiment, so that we can compare the treatment group to a randomly chosen control group, and we can discover what aspects of these programs seem to work.

Chairman **Ford**. What is your opinion of mandatory workfare?

Mr. **Duncan**. I am sorry?

Chairman **Ford**. What are your feelings on mandatory work?

Mr. **Duncan**. My feelings are somewhat ambivalent. I think that there is a real cost to having woman with small children required to work and not available to be at home caring for their children. On the other hand, there is a political argument that suggests that for programs to be supported by the public, that some kind of workfare is necessary.

My primary concern is in providing resources to these families, because we know that children growing up in poor families, families with lower income levels, do measurably worse than kids growing up in higher income families, so it is a means to an end. It is a means to providing a politically acceptable system, for providing more resources.

Chairman **Ford**. What about the perception that welfare recipients do not want to work?

Mr. **Duncan**. I think that the evidence clearly indicates that that is not the case. The evidence also seems to indicate that these long-term welfare recipients, if enrolled in programs, are successful enough that the money that is spent on those programs is paying a positive return on that social investment. There is a danger here. You can't expect all long-term welfare recipients to end up with successful market careers. That is clearly not going to be the case, and that result is clearly not coming out of these experiments.

I think the better question is whether these dollars that are being spent for these long-term recipients on these programs produce a social benefit that exceeds the cost, and the preliminary evidence from several sources indicates that it does.

Chairman **Ford**. Looking at the ET Program in Massachusetts and other programs throughout the Nation, if we were to have a welfare reform package with work, education, and training opportunities, do you think a majority of those recipients would take advantage of these opportunities, looking at other programs that have already been instituted?

Ms. **Kondratas**. Could I answer that? I think they certainly would, up to the capacity of the States to provide them. Not all States have the infrastructure to be able to implement all of these things immediately. That is the other thing about——

Chairman **Ford**. Say if the infrasructure was there.

Ms. **Kondratas** [continuing]. If the infrastructure were there, I think the majority of welfare recipients would probably take advantage of it. Now, you raised the question, do welfare recipients really want to work, and I think that has always been a sort of red herring of an issue. I think poor people are no different from any others, so there is a certain percentage of lazy people among the poor as there are among the middle class, as there are among the rich. The only thing is that lazy middle-class and rich people can afford to be lazy, and poor people end up being paid for by us. I don't think it is a higher percentage; I don't think it is a bigger problem. It is just human nature all around.

Chairman **Ford**. Don't you think they are trapped into that cycle, though? As chairman of this committee for the past 5½ years, I don't find that to be the case. We go out and we visit different regions in this Nation, and people talk about, you know, people are lazy. I don't want to compare the poor with the rich, or one group versus another in trying to compare as to whether they are lazy. We are talking about people who are on welfare in a vast majority, if not all of the cases, through no fault of their own.

I haven't found a welfare recipient yet who is able to work who wants to receive welfare. I think that they are locked into this cycle, or trapped into this cycle that they really can't break to get out of it. Whether it is because of multiple pregnancies that took place, it is very difficult when there is no day care or child care for the children, with the mother having two, three, or four children trying to move into the workforce.

She certainly can't go out to McDonald's and pick up a minimum wage job with no type of health coverage provided on the job and health care protection for the children, nor can she have that upward mobility in the marketplace or the workplace for her to have at some given point, to work into the mainstream.

I think at some point we are going to talk about moving those off the rolls, we have to make sure that we provide some of the ingredients that would be necessary to give protection for the children, and at the same time give them the best type of training that is possible to move them into the workforce, so we would have an upward mobility type of a program, not one that would say workfare or some type of reform package that would just move them into the workforce, but also deny them access to health care, access to child care, and to live like any other human being in this country.

Ms. **Kondratas**. The access to medical care I already mentioned is a very important consideration in any welfare reform. Let me get back to a point Greg Duncan raised in answer to a previous question of yours, and then I want to address the child care possibilities. I think that he is correct in saying that, other than for the pregnant teenage girl, you ought to wait a few years before implementing any sort of work training efforts for welfare recipients because most of them do move off the rolls on their own and there is no point in spending money on them if they are capable of managing on their own.

For example, ET. I am really not so convinced of its success, and I analyzed a few of the reasons in my written testimony. But I would like to bring something up, which is that in Massachusetts about half of the welfare recipients are on welfare less than a year in any case. According to Massachusetts Department of Public Welfare figures, half of the women that get jobs in any given month get them through ET, half of them manage to get them on their own.

So, you know, if you are talking about effectiveness—the other thing I looked at was the first two years of ET, and they made claims about the caseload declining. Well, the caseload was 89,700 when they began the program, and exactly 2 years later it was 88,800, and it varied by about 4,000 from month to month across those 2 years. But the trend is basically level, and this is in spite of Massachusetts' low unemployment rate. So I am not sure. ET is wonderful for the recipients involved, but I am not sure it is the most cost-effective way of spending their money, and the day care component is one of the most expensive parts of the Massachusetts ET Program.

For day care there are a number of things that can be done. In California, I think it was the Los Angeles County officials who were telling me that one of the ways that they place people in programs, one of the first job training opportunities that they give to AFDC recipients is child care training, so then they set up some of the AFDC recipients to head welfare department day care centers to enable other AFDC mothers to go to work.

That has also been done in the private sector, by Kimi Gray here in Washington. Her housing project is well-known around here. They paid for some welfare mothers to get child welfare training and certification and set up a day care project in the project itself to provide care for the children of other AFDC mothers. That is certainly an opportunity to pursue.

I believe Representative Johnson has introduced legislation in the House to deregulate home-based child care, which seems to be the kind of child care that most people prefer anyway, neighborhood-centered and home-based, and get rid of some of the local regulations that now impede the free development of such home-based child care. I think efforts like Representative Johnson's ought to be supported and has great opportunities. There are plenty of things we can do with improving child care that isn't just Government-provided expensive regulated child care that would provide opportunites.

Chairman FORD. Well, child care is becoming a very prominent national issue, when you take it away from the welfare system itself.

Ms. KONDRATAS. Right.

Chairman FORD. Day care is something that this Congress will no doubt have to address in the very near future, and hopefully it will be tied into some type of a welfare component as well, to protect the welfare recipient. Yes, Dr. Sawhill.

Ms. SAWHILL. I just want to emphasize the point that I think Anna made. The problem in implementing some kind of work-welfare initiative is not that welfare recipients don't want to participate. The problem is supplying the jobs and the services, and I think the major barrier right now is administrative. If we were going to really guarantee some kind of services or work to every welfare recipient as they are planning to do in California and New York, the job is simply overwhelming, and it would be wise to approach all of this slowly.

Day care may not be as big a problem as people have assumed. In San Diego, for example, they spent only about half of the funds that they had budgeted for day care, because the demand for it simply wasn't there. It turned out that these women had informal child care arrangements or other ways of taking care of their children that did not require large amounts of public money to be invested.

Chairman FORD. Dr. Sawhill, you touched on it, you talked about the children on welfare. If I could have the three members of the panel submit back to the committee in writing, and probably elaborate a little more than you have before the committee today, on what kind of intervention or assistance can help children avoid poverty and welfare dependency, because with two-thirds of the recipients of welfare being children in this Nation—and I heard from witnesses—and in showing a trend, it does not show that a mother with three kids on welfare—it does not mean that these children will be trapped in a cycle of welfare passing it down from one generation to another. But how can we really strengthen and protect the two-thirds of the recipients on welfare, not being trapped into that cycle, and moving forward.

I know you talked about educational opportunities from the primary and secondary levels, and we have heard a variety of things. But I would like you to comment even more and elaborate on that, and reduce it to writing for the committee, so if there is going to be a markup session at any time in the future I know we are going to be focusing on the children on welfare. Children, as you said earlier, Dr. Sawhill, are the future, and if we are going to have a future we have to make sure that we protect the children. I would like for the witnesses to comment even further on that.

Ms. KONDRATAS. That is not exactly an easy assignment.

Chairman FORD. I understand it is not an easy assignment for us in the Congress. It is not one at all. As a matter of fact, this afternoon at 2 o'clock I will be meeting with other Members of the Congress and members of the leadership for the House to discuss welfare reform, and to talk about a time schedule, and to talk about legislation that might be introduced. That is not to say that we are prepared today to put a bill into the hopper, but I think that we are getting very close. This is the latter part of May, and in the President's State of the Union Message he charged the Domestic Policy Council to report back to him by December 1986, knowing that we are only approximately 5 or 6 months away.

Hopefully Mr. Meese, who is the head of that Policy Council, will be in contact with this committee and others in the Congress to give us some type of a progress report as to which direction the administration will be moving in with this particular report. I am asking you to continue to comment, and also be available for the committee in case there are other areas that we would like to seek information on, as we move to a markup session either in this Congress or the first in 1987 in the next Congress.

I would like to have that cooperation from the members of the panel.

Ms. **Sawhill.** I would certainly be happy to help in any way I can.

Mr. **Duncan.** I would too.

Ms. **Kondratas.** I would too.

[The additional information requested follows:]

Additional Information Requested by Chairman Harold Ford, Submitted by Ms. Kondratas

The question on which elaboration was requested was what kind of intervention or assistance can help children avoid poverty and welfare dependency, because two-thirds of the recipients of welfare are children. It seems to me the question itself can lead to a misperception of the problem, and a problem poorly defined is not one likely to be solved. There is no child poverty without family poverty, and the state cannot stand in loco parentis. There is a considerable body of evidence, based on case studies and widely disparate successful intervention methods ranging from the Job Corps to the Nation of Islam, that what it takes to get out of poverty is self-discipline, self-esteem, a work ethic and education. And children need role models. As a young man identified only as "C" told Bill Moyers in the recent CBS documentary on the declining black family, "The adults gotta set an example for the kids. If they see the adults do it, you know, that's what they gonna do too, eventually." More specifically, an example should be set, he said, by "my family, my mother."

I spoke at the hearing of a coordinated approach to welfare policy, which would include a heavy emphasis on upgrading the educational system and on local economic development. Given the committee system in the Congress and the resultant fragmentation of responsibilities and jurisdictions over programs, I understand that it is difficult to craft so broad a family policy. But such a policy is necessary, because tinkering at the margins with one inadequate program after another is unlikely to have any but marginal effects. The purpose of welfare should not be to validate and shore up social pathologies, but to express the compassion and values of the broader community. However, because of the specific interests of this subcommittee, I will attempt to suggest some potential reforms in the AFDC program that would help children in the long term by moving in the direction of strengthening families. Some of these are hardly original, others I have already mentioned in my earlier testimony. But they are of a piece. They recognize, in the words of Michael Novak, that "the family is the original and most effective department of health, education and welfare."

AFDC and Adults

1. The AFDC-UP program should be extended to all states. If family stability is a goal, then there is no excuse for government adding to the social and economic pressures pulling families apart.
2. A work component—workfare, job search, training opportunities—should be part of every welfare program, although states should be free to implement work programs according to their own evaluation of their fiscal and economic condition and needs. They should be encouraged to experiment and innovate. In addition to the self-respect independence can bring an adult, a working parent, or a parent preparing to work, is also teaching his or her children the work ethic by example. Since the majority of welfare recipients are only in the midst of a temporary crisis, and manage to leave the rolls on their own, it would be most cost-effective to begin any cost-intensive efforts (education, day care) only after recipients have been on welfare for a set period of time, to be determined by state caseload characteristics.

AFDC and Minors

1. The disastrous economics and moral barrenness of out-of-wedlock births must be taught in the schools and in the community. While this is not primarily a Federal responsibility, the Federal Government can provide leadership in this area.
2. The rest of the nation should follow the lead of Wisconsin and make both sets of grandparents of illegitimate children born to minors legally responsible for supporting their grandchildren.
3. Minor mothers should be expected to live with their own parent or parents and not establish separate households.
4. Perhaps the new wave of workfare reforms should include job clubs and mandatory job search for unemployed fathers of illegitimate children, which could include discussions of parental responsibility. Whether or not this "worked" initially, it is important for government to structure programs to reflect the values of the broader society.

5. AFDC could be made an explicitly temporary program—say, four years. While this would not affect the vast majority of welfare recipients, who remain on the program a few years at most, it would create a different incentive structure for teenage mothers, who are most likely to become long-term recipients. I have described this in more detail in my written testimony.

SURVEY RESEARCH CENTER,
INSTITUTE FOR SOCIAL RESEARCH, THE UNIVERSITY OF MICHIGAN,
Ann Arbor, MI, July 3, 1986.

Representative HAROLD FORD,
Chairman, Subcommittee on Public Assistance and Unemployment Compensation, Committee on Ways and Means, House of Representatives, Washington, DC.

DEAR REPRESENTATIVE FORD: I appreciate this chance to expand upon my testimony on May 22, 1986 before your subcommittee regarding the issues posed in your letter: (1) How to identify children at risk of becoming parents and welfare recipients at young ages; and (2) What intervention or assistance programs should be directed toward them.

There are two logical points of intervention—during early childhood, when low parental resources situations can be identified; and during the teen years, when the child's own actions may be a reliable guide to the likelihood that he or she will experience dependency.

Past research has shown a surprising degree of economic mobility between parent and child. Fewer than one-quarter of children coming from poor parental homes are themselves found to be poor when they reach their mid- to late 20s. An equally small proportion of women raised in homes heavily dependent upon welfare are themselves observed to be heavily dependent in their mid to late 20s. Thus one cannot simply assume that an integenerational cycle of poverty and dependency renders the task of identifying children likely to become dependent equivalent to identifying children who grow up in poor families. Parental resources do matter, but not to the degree that one might think.

Nonetheless, parental and community resources during early childhood are significant enough that any measure that increase the resources of low income families with children can be expected to have a measurable, albeit small, effect on the attainments of those children. Programs such as Head Start, directed at pre-schoolers coming from low income families, also appear to be a cost-effective way of increasing the chances of economic success and reducing the probability of future dependency. The effectiveness of such programs needs to be determined on a case by case basis using a proper experimental design and statistical evaluation.

Much more predictive are the actions taken by the children in their teen years. Research by David Ellwood for the ASPE division of HHS has shown that women who begin spells of AFDC receipt as unwed, teenage mothers can expect much longer welfare "careers" than most other categories of women who begin to receive welfare. As with children growing up in heavily dependent families, some of these women will escape dependency through their own efforts, but enough will not to make them an important target group.

Fortunately, evidence from various Manpower Demonstration Research Corporation experiments suggests that a number of intervention programs are cost-effective for certain groups of long-term welfare dependent women. The workfare experiments being conducted will provide additional evidence on what works and what does not. Here I would advocate continuing our current incremental strategy of allowing states to design programs that they feel are best tailored to their situations but, to the extent possible, require that their programs be set up so that we can reliably gauge their cost-effectiveness. The debate over the success of the Massachusetts E.T. program may never be resolved because of its failure to build in an experimental evaluation component. This should be a time of experimentation, with state-designed programs supplemented by new, small-scale Federal initiatives. Successful programs should be expanded to other sites and reevaluated; unsuccessful ones should be eliminated. Only by building a systematic body of knowledge about the key features of successful programs can we hope to implement effective large-scale, national programs. The ASPE division of HHS has repeatedly demonstrated its ability to design, monitor and evaluate innovative programs of this kind.

Throughout the debate on these programs, we need to remember that the sterotype of an urban underclass applies to only a minority of the long-term poor. Poverty within the boundaries of our largest cities is undeniably most visible, and may have the greatest spillover effects for the rest of the population. But it is nevertheless rural and Southern poverty that is more persistent for children than urban poverty, and more of our nation's persistently poor live outside our major cities than within them. A balanced approach to the problem of dependency should focus equal attention on poverty outside of our nation's urban areas.

I hope that these comments are helpful and would be glad to expand upon them further if you like.

Sincerely,

GREG J. DUNCAN, *Program Director.*

Chairman **FORD**. Again, the subcommittee would like to thank you very much for your appearance and your testimony today before the committee.

Thank you very much.

The subcommittee has concluded its business for today, and the committee stands adjourned.

[Whereupon, at 11:40 a.m., the hearing adjourned, subject to the call of the Chair.]

WORK, EDUCATION, AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

TUESDAY, JUNE 17, 1986

House of Representatives,
Committee on Ways and Means,
Subcommittee on Public Assistance
and Unemployment Compensation,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:08 p.m., in room B-318, Rayburn House Office Building, Hon. Don J. Pease presiding.

Mr. Pease. The Subcommittee on Public Assistance and Unemployment Compensation will come to order.

Today we continue our hearings on work, education, and training opportunities for welfare recipients. In earlier sessions we have talked with administrators, academics, and recipient groups about how to design a work, education, and training program that will help AFDC recipients to become self-supporting and independent of welfare.

Now we turn to business and labor for advice on work and welfare programs, and equally important, for a discussion of the economy and job market in the future.

I am pleased that several of the national business and labor groups have accepted our invitation to testify today and that we have also assembled a panel of businessmen who can talk frankly with us about preparing welfare recipients to become productive employees.

I look forward to today's session. I offer an apology for the delay because of scheduling problems, and four or five consecutive votes on the floor of the House. I would ask our first panel to come forward. Mr. Pierce Quinlan, executive vice president, National Alliance of Business, and Mr. Robert Martin, associate manager, community resources, U.S. Chamber of Commerce. Again my apologies for the delay. We do look forward very much to your testimony, and Mr. Quinlan, why don't you proceed.

STATEMENT OF PIERCE A. QUINLAN, EXECUTIVE VICE PRESIDENT, NATIONAL ALLIANCE OF BUSINESS

Mr. Quinlan. Thank you, Mr. Chairman. I appreciate the opportunity to discuss the views of the National Alliance of Business on issues related to training welfare recipients for jobs in the private sector. You have a full copy of our statement and I would like to summarize the remarks.

My name is Pierce Quinlan, executive vice president of NAB.

The alliance has worked to promote job and training opportunities for the disadvantaged for 18 years. Our experience in working with both private-sector employers and publicly funded Job Training Programs provides us with a unique perspective on the subject of these hearings.

At the beginning, Mr. Chairman, I would like to commend the subcommittee for approaching this issue as one directed at job and training opportunities for welfare recipients, with the goal of unsubsidized private-sector employment, rather than one of subsidized public-sector workfare.

We believe that the only meaningful way to change from a life of welfare dependency to one of self-sufficiency is by providing the training, support, and incentives necessary for competitive employment in our private free-market economy. There are important roles for both the public and private sectors in achieving this goal. We must build on the resources, programs, and delivery systems we already have, and tailor them to involve private-sector employers more appropriately.

The first question that occurs to us is why is the private sector involved and interested in welfare to work initiatives? Well, I think it is clear at this point that not all companies are interested.

However, recently, the National Alliance of Business has completed a study of projected demographic and labor force trends between now and the end of the century. Our report entitled, "Employment Policies: Looking To The Year 2000" anticipates pervasive mismatches between workplace needs and workforce capabilities, unless we work in partnership to improve education and skill training for what is called our growing underclass. These are individuals who lack basic skills and are increasingly minority populations concentrated primarily in our inner cities.

Employers are beginning to understand this problem, and are increasingly thoughtful about it and committed to doing something to combat it. It is no longer something that they view as just socially responsible, but economically necessary for a productive workforce.

More and more these issues are affecting the bottom line of businesses, improving the long-term prospects of solving the problems of people on welfare.

Six issues seem important to us and to the business community in the welfare to work initiatives, and they are based on our nearly 20 years of experience with programs of a similar nature.

First, incentives are more effective than punitive measures. Employers seek and work best with motivated employees who are more likely to be found in a voluntary system that offers them real opportunity. Most welfare recipients want to work but lack the skills or education to find a meaningful job that pays more than they can receive in welfare benefits. So we would say that a voluntary system is more likely to appeal to employers.

Second, the incentives to the participants must make a job more profitable than remaining on welfare. One of the persistent barriers that has plagued welfare reform efforts in the past has been the lack of meaningful financial incentives to draw participants into jobs more naturally.

The largest problem has been the loss of Medicaid coverage for health-care assistance when recipients take jobs. While we are by no means expert in this area, it seems to us that some sort of bridge mechanism, accommodating some continued Medicaid coverage of recipients for a period of time, perhaps as much as a year, will allow them to get attached to the labor force, build the credentials that are necessary, and then move on without that kind of support.

But sometimes, if they are faced with the alternative of losing that support or keeping a job, welfare recipients will stay with the support.

Third, we believe that the programs should offer incentives to employers to cover the extra costs of training and lost productivity. This is an area in which there are clearly proven models in Federal programs that give employers incentives for hiring and training unskilled people, including on-the-job training and/or tax credits. Such incentives, I believe, are important to overcome the hesitancy of employers to hire welfare recipients over otherwise similar applicants who need less training.

On the other hand, I do not believe that this represents a windfall to employers because studies of past on-the-job training arrangements indicate that reimbursements do not cover all of the actual training cost to employers, and therefore, it is likely that the incentive will leverage additional training funds to benefit the participants.

A fourth item concerns the importance of coordination with existing programs and resources serving similar population groups such as those under the Job Training Partnership Act and the Work Incentive Program. In particular I would like to talk about the WIN Program, which I believe has been one of the more flexible tools used by the States to provide a comprehensive mix of job search and training activities in welfare-to-work programs.

The WIN Program can easily be coordinated with other employment and training programs, and WIN grants have been combined with State funds to take advantage of amendments to WIN that made more imaginative programming possible. It is kind of a glue that has helped States to take other kinds of initiatives.

This is not to say that the WIN Program design is the ideal design, as it stands at the present time, but I believe that it serves as an incentive to States to lead out on their own. For those reasons, we have endorsed the continued financing of the WIN Program in the Federal budget appropriations process.

A fifth item, and really a key item, is that employers must be able to measure program success, see results, and know that their efforts make a difference with the program. To maintain the long-term commitment and involvement of employers, the program must include some system of accountability or performance measurement. The investment of public dollars has to be able show results.

And sixth, another key issue is the importance of simplicity in program requirements, to cut the redtape, or any perception of redtape, be that through Federal legislation or regulations, what have you. It should be very simple. OJT contracts, for example, should be no more than one page.

We see some applications of the concept of the public-private partnership in this welfare-to-work initiative.

The problems of structural unemployment are far too complex for just one single arm of government to solve, or one single group, whether it be State or local government, whether it be the business community or others.

We really believe very much in the partnership field, and we think that it would be worthwhile for you and the members of the committee to review some of the issues related to private-sector participation that we have dealt with in other related areas of employment and training.

We believe the most valuable experience for your purposes can be drawn from the Job Training Partnership Act system. The law incorporated some very significant landmark principles that involve the private sector in solutions to social problems.

We see seven key partnership principles: the first requires balanced roles and authority for public and private sectors, creating a strong policymaking role for business and clearly defining roles that lead to stronger working relationships between the business community and government officials at the local level.

The second emphasizes performance, not process; that is, a focus on the outcomes of the system.

Third, mandates coordination with other employment and training-related programs.

The fourth focuses resources on training and preparing individuals for private-sector employment, not on just income support or temporary employment opportunities.

The fifth consolidates and streamlines the program delivery system so that employers are not dealing with multiple programs with different acronyms and different people banging on their door to seek jobs. We have not quite reached that point yet, Mr. Chairman.

The sixth maximizes local flexibility in program design, mix of service, and service delivers. This is a key point so that the matching of the needs of the local economy and the people can be better achieved.

The final principle is to build on the strength of prior program experience, which should go without saying. We think that using private industry councils in this effort is an option that should be strongly considered. They are in place and operating successfully in most of the country. There are some 620 of them, and setting up a separate or competing body does not make too much sense. Private industry councils and local welfare agencies could be required to have a working relationship, just as vocational education and the employment service currently do.

We think the private industry councils are a natural connection with private employers. They are performance oriented. They are able to market program participants to other business colleagues when they are convinced the training is good, or have a role in the training design and content.

They basically know where the jobs are and what skills are needed to fill them.

So, finally, Mr. Chairman, Federal policy I think has already laid out an important framework on which to build more effective policies for serving welfare recipients.

In a growing number of the States these elements have already been put together to help welfare recipients. Some 42 percent of the people who have been served in the Job Training Partnership Programs are welfare recipients.

Clearly the recipients want jobs, they want the training that will enable them to get jobs, and we think increasingly, businesses are going to need any and all available workers because of the demographic changes that we see occurring over the next 10 years. This is a significant window of opportunity for this country to begin to make inroads on the problems of youth unemployment and the problems of people on welfare. These ingredients make me very optimistic that we are heading in the right direction, and we, as an organization, Mr. Chairman, want to work with this committee, and with you, and the States, to expand the job and training opportunities for these groups.

I appreciate the opportunity to make these remarks before you.

[The prepared statement follows:]

TESTIMONY
OF THE
NATIONAL ALLIANCE OF BUSINESS
BEFORE THE
SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
ON FEDERAL WELFARE-TO-WORK ASSISTANCE PROGRAMS

JUNE 17, 1986

Mr. Chairman, I appreciate the opportunity to discuss the views of the National Alliance of Business on issues related to training welfare recipients for jobs in the private sector.

My name is Pierce A. Quinlan. I am Executive Vice President for the National Alliance of Business. The Alliance has worked to promote job and training opportunities for the economically disadvantaged for 18 years. Our experience in working with both private sector employers and publicly funded job training programs provides us with a unique perspective on the subject of these hearings.

At the outset, I want to commend the Subcommittee for approaching this issue as one directed at job and training opportunities for welfare recipients with the goal of unsubsidized private sector employment, rather than one of subsidized public sector "workfare." We believe that the only meaningful way to change from a life of welfare dependency to one of self-sufficiency is by providing the training, support, and incentives necessary for competitive employment in our private, free market economy.

There are important roles for both the public and private sectors in achieving this goal. We must build on the resources, programs, and delivery systems we already have and tailor them to involve private sector employers more appropriately.

Why is the Private Sector Interested in Welfare-to-Work Initiatives?

Since the late 1970's, the interest and involvement of private sector employers in human resource issues has increased substantially, due in large part to growing concern about the lack of literate and qualified applicants to meet increasingly complex job requirements.

Growing private sector interest in welfare-to-work initiatives is related to its concern that insufficient investment in human capital will hinder our ability as a Nation to compete effectively in the world market.

The National Alliance of Business recently completed a study of projected demographic and labor force trends between now and the end of the century. Our report, "Employment Policies: Looking to the Year 2000," anticipates pervasive mismatches between workplace needs and workforce capabilities unless we work in partnership to improve education and skill training for what is called our growing "underclass:" individuals who lack basic skills, and who are increasingly minority populations concentrated primarily in our center cities.

Slower labor force growth in the years ahead will restrict employer choice in filling job vacancies. Unless a concerted effort is made to increase the education and skills of available workers, productivity could be impaired and economic growth could be undermined.

Employers are beginning to understand this problem, and are increasingly thoughtful about, and committed to, doing something to combat it.

Public employment and training initiatives are seen by business as tools contributing to economic development and improvements in local economies. One of the key indicators reviewed by corporations seeking to expand or locate in a new community is not tax advantages or labor costs but the levels of unemployment and welfare dependency in that area. High levels indicate the potential of higher business costs in the long run and illustrate, to some degree, the quality of the local economy and leadership.

Finally, many employers believe that reducing welfare dependence will eliminate excessive social costs and lower government spending, freeing up resources for business investment.

What is The Private Sector Role in Welfare-to-Work Initiatives?

Not only does the private sector have a strong interest in effective employment and training programs for welfare recipients, but it has important roles to play in designing and overseeing those programs, for several reasons.

- First, the private sector has the jobs. Over 80 percent of all existing jobs are in the private sector, and this figure is expected to increase in the next 15 years, primarily due to the growth of small business.
- Second, private sector employers have the knowledge of the job skills that are needed in their industries and their geographic areas. They understand local labor market trends that can help to inform appropriate public program designs, training content, and necessary support services. Employers know best what they will need from public training initiatives if they are to be effective partners in achieving private sector job placements for population groups targeted by public policy goals.
- Third, employers have resources to help train motivated participants, once they have basic literacy skills. Some corporations are even conducting their own basic education programs.
- Finally, local private sector leaders can serve an important role as an outside broker, or focal point, to facilitate coordination among various public programs related to employment and training. Very often it is the "neutral" business volunteers who can motivate various public agencies and officials to work more effectively together and coordinate resources more efficiently toward a common goal.

Our experience with the role of business volunteers in the Job Training Partnership Act programs illustrates these points. Each locality across the country, designated as a service delivery area under the Act, must establish a local private industry council with a majority membership of business volunteers and other members coming from education, welfare agencies, the employment service, organized labor, and community-based organizations. The private industry council shares authority with local elected officials over program design and skill content, service delivery, oversight, and coordination.

In three years of operation, this working partnership has produced remarkable results. Over 67 percent of all economically disadvantaged participants are placed in private sector jobs. About 42 percent of those served are welfare recipients. The job placement rate for welfare recipients is 57 percent.

Most importantly, we have seen that employers have a lot to bring to the table. They are willing to participate and have done so effectively, given appropriate institutional structures with a meaningful business role. We have seen the private industry council, as a community institution, begin to mature and to define its role more broadly as a center of human resource policy in the local labor market. The councils have an established identity and credibility in the business community. They see value in their role as coordinators of community resources in job training.

In some states this concept is being extended as part of larger state initiatives providing comprehensive job search and training opportunities for welfare recipients.

The Massachusetts Employment and Training (ET) Choices program has been in operation the longest among these initiatives, and private employers involved in this program are enthusiastic about its success. Part of the reason is because they have had a role to play.

The California Greater Avenues to Independence (GAIN) program has also build a system through state legislation that requires coordination with employers and particularly with local private industry councils. One significant advantage of a program like GAIN is the involvement of the state legislature which, on a broad bipartisan basis, provides a degree of permanence in state law beyond what a single governor can do by administrative means while in office. It is the long-term stability and investment in these programs that will produce the most significance results.

Issues Important to Business in Welfare-to-Work Initiatives.

After nearly two decades of public employment and training efforts on behalf of welfare recipients, it is possible to draw a few lessons about what makes programs succeed.

Incentives are more effective than punitive measures. Employers seek, and work best with, "motivated" employees who are more likely to be found in a voluntary system that offers them real opportunity. Most welfare recipients want to work but lack the skills or education to find a meaningful job that pays more than what they can receive in welfare benefits.

A voluntary system does not mean that the welfare system just waits for recipients to walk in the door, taking their own initiative to volunteer for job training. It is tied to a system that initiates an assessment of each welfare registrant, actively counseling them on the opportunities and incentives available for training and services.

If the incentives for recipients are appropriate, they should draw individuals into the program on their own. This appears to be the case in the Massachusetts experience where volunteers are flooding the program for services and placement. The incentive is that most recipients double or triple their income in jobs compared to welfare payments.

If recipients see that they can earn $3,000 to $5,000 or more from working than they can on welfare, it is almost human nature to want a job where the money is. Most welfare recipients, like everyone else, think that way. They prefer self-sufficiency and self-esteem that having a job brings, just like you and I. Once incentives have drawn as many recipients as possible off the welfare rolls, then it might be appropriate to consider enforcing the enrollment of others into job training services. Self-selected and motivated participants, obviously, are more likely to succeed in getting jobs, holding them, and producing long term gains for themselves and the economy.

Incentives to participants must make a job more profitable than remaining on welfare. In our view, one of the persistent barriers that has plagued welfare reform efforts in the past has been the lack of meaningful financial incentives to draw participants into jobs more naturally. Probably the largest single problem has been the loss of Medicaid coverage or health care assistance when recipients take jobs. Wages may initially provide more cash flow to participants, but having to purchase independent health insurance for themselves and dependents often reduces income below what they received on welfare. This problem must be addressed if programs are to succeed.

We do not presume to represent any technical expertise on this issue, but it seems reasonable that federal policy could accomodate continued Medicaid coverage of participants for a certain period of time, perhaps a year, from the day they are hired. In the long run, it would be less expensive than continued coverage on welfare. It would also allow time for participants to increase earnings and ease the transition to self-sufficiency. If the original job placement still does not provide enough income to cover health care, or the employer is not able to provide it, a year's worth of work history and experience is an important credential enabling them to advance more easily to another job with another employer.

Some state programs have addressed this problem by restricting placement of welfare recipients only to employers who provide health insurance benefits. Not all states have enough placement opportunities to do this, and most small employers are not able to provide company health plans, which suggests some coverage will need to be provided from program funds.

Programs must offer incentives to employers to cover the extra costs of training and lost productivity. There are proven models in federal policy that give employers incentives for hiring and training unskilled, disadvantaged job seekers. These include on-the-job training reimbursements up to an amount that equals half of wages paid during a specific period of time, or tax credits on the actual wages paid. These are specific and effective incentives that help cover costs of extra supervision, training on the job, and lost productivity until the new employee comes up to speed. Such incentives are important to overcome the hesitency of employers to hire welfare recipients over otherwise similar applicants who need less training.

We would recommend that incentives continue to be part of the federal authorization for programs seeking to place welfare recipients in good jobs, where they can receive additional training in job-specific skills from employers. Employers, knowing they are being reimbursed for the costs of training, will invest more time and training in the individual. Studies of past on-the-job training arrangements indicate that the reimbursements do not cover all the actual training costs to employers, which suggests that the incentive may leverage additional training funds to benefit participants.

Employers will expect, and must be able to rely on, continued public program assistance for other necessary client support services such as personal, job, and financial counseling, transportation, and day care. For this particular clientele, which is often characterised by little or no work history, the involvement of private employers is more likely to occur if they can be assured that the individuals they hire and train will be helped with the basic support services necessary to retain a job and to minimise distractions at the workplace. Employers are not equipped to provide many of the basic necessities clients will need in making the transition from welfare to work.

It is difficult to say which of the support services is most important initially, but intensive counseling and follow up after placement ranks high. Personal and financial counseling would help new employees establish a greater sense of stability and satisfaction in their new status, and can provide referral or cash assistance for transportation, day care, and other needs. Job counseling provides them with a sounding board for job related fears and problems outside the potentially intimidating supervisory system of the workplace.

Another lesson concerns the importance of coordination with existing programs and resources serving similar population groups, such as the Job Training Partnership Act system and the Work Incentive (WIN) program. At a time of limited public resources, coordination among related job training and education programs is a critical common sense issue for employers. In some states, governors have required coordination between JTPA and the welfare systems. In others, welfare agencies are represented in the membership of the local private industry councils and are able to participate in the development of job training plans.

Our experience with successes under the Job Training Partnership Act, and evidence that the "institutional" credibility of the private industry councils is expanding among employers, makes it more important to coordinate local program planning around this focal point of business leadership. Employers increasingly see the PIC as an evolving institutional voice for them in community human resource issues. This system should be a part of any welfare to work initiative. This arrangement would conform to our view that we should build on what we already have rather than create new and potentially uncoordinated systems. And, it conforms to the view of employers that limited public resources should be better coordinated for economic efficiency and to minimize the multitude of independent program agencies seeking placement opportunities for similar clients.

The Work Incentive (WIN) program has been one of the more flexible tools used by states to provide a comprehensive mix of job search and training activities in welfare-to-work initiatives. WIN is easily coordinated with other employment and training programs, and, in states where coordination is required, WIN grants have been combined with state funds to take advantage of amendments to WIN that made more imaginative programming possible. While changes in the WIN design might be appropriate to encourage greater state support for training and work-related activities for those on welfare, the WIN grant money has played a critical role in leveraging additional financing from state legislatures. In comprehensive state programs, such as Massachusetts' "Choices" or California's "GAIN," the WIN funds constitute less than one-fifth of total program costs. However, even in these programs, the WIN activities are pivotal to the successful operation of the overall system. Smaller, less ambitious state programs are even more reliant on federal funds. Because it continues to be an incentive for more comprehensive state initiatives, NAB has endorsed continued funding for WIN in the federal budget and appropriations processes.

Employers must be able to measure program success, see results, and know that their efforts make a difference in how the program works. To maintain the long term commitment and involvement of employers in such initiatives, the program should include some system of accountability or performance measurement. The investment of public dollars should be able to show results.

Other public programs involving employers, like JTPA, have included performance evaluation criteria and have significantly improved the way in which employers view the programs. Performance measures become an important management tool, like those used every day in business. Performance goals improve chances of identifying problems early, allowing changes in program design, management, and oversight. Monitoring program results increases credibility among employers, who understand that if it works, and produces measurable results, it can justify a continued public investment.

Our experience has shown us that if employers have a role in the design of services against specific measurable outcomes, their commitment to success increases substantially because of a sense of ownership in the program.

A final lesson is the importance of simplicity in program requirements, reducing red tape and the perception of red tape, for business involvement. Employers have a natural reluctance to get involved in what they see as bureaucratic government programs, whether the perception is true or not. Legislation that does not attempt to regulate by statute and that provides the maximum flexibility for local decisionmaking in program designs is more likely to be successful in attracting private sector volunteers. It is possible to keep legislative requirements and administrative structures streamlined without loosing accountability. When a program degenerates into a paperwork compliance process, at the expense of good program designs and results, the purpose is lost and business interest cannot be sustained.

Validity of a Public/Private Partnership Concept in Welfare-to-Work Initiatives.

Structural unemployment and other complex labor market phenomenon are too large and important for any one sector of society to solve alone. Labor market and welfare issues are no longer just government problems. The concept of a partnership we envision would bring the best leadership, resources, and commitment to the table in each local community to address a common problem.

As the subcommittee works on the problem of moving welfare recipients into gainful employment, Members might find it helpful to review how some of the issues related to private sector participation have already been grappled with in other related areas of social policy. After three full years of operational experience with the partnership concept in federal employment and training legislation, it has been found to be effective overall. Whatever legislation the subcommittee designs should include provisions that require or facilitate coordination with these other related programs and delivery systems.

We believe the most valuable experience for your purposes can be drawn from the Job Training Partnership Act system. The law incorporated landmark principles, for the first time, to involve the private sector in solutions to "social" problems. It is a case that illustrates our views very well here today. The Act went further than any other similar type of legislation, past or present, in equalising authority between the public and private sectors over all aspects of local policymaking, planning, administration, and program operations. This was a deliberate and concrete recognition of the need to harness private sector expertise, resources and support, and to tailor publicly financed training programs to local economic realities. In applying the concept of public/private partnership to an entire area of domestic policy, national policymakers took the concept beyond the experimental stage to create an important precedent which could potentially affect other areas of public policy in the future. Some of the key principles of the partnership include the following:

- Requires balanced roles and authorities for public and private sectors. Creates a strong policymaking role for business. Clearly defines roles that lead to stronger working relationships between the business community and government officials at the local level. Establishes local private industry councils as specific institutional voices for business in policymaking, planning and oversight.

- Emphasizes performance, not process. Accountability in the system was built into the discipline of performance measures rather than imposed by regulation. Program funds are seen as investments, realizing returns, not just as consumed expenditures. Performance standards emphasize quality of results, not just quantity. They include incentives and sanctions to reward good performance.

- Mandates coordination with other employment and training related programs.

- Focuses resources on training and preparing individuals for private sector employment, not on just income support or temporary employment opportunities.

- Consolidates and streamlines the program delivery system. Provides a more unified and flexible program structure. Decentralizes responsibilities to the state and local levels with substantial freedom from detailed legislation or regulatory guidelines in operational issues.

- Maximizes local flexibility in program designs, mix of services, and service deliverers. Authorizes a wide range of training and related services, public and private so that programs can more appropriately match the needs of the local economy and the participant's goals.

- Builds on the strengths of prior program experience.

The partnership concept lays out important principles that can also apply to welfare-to-work initiatives, if jobs in the private sector is the goal. Providing a structured role for private sector participation in program design and policies, in partnership with public officials, is an important first step. Using local private industry councils in this effort is an option we strongly recommend. The councils are in place and operating successfully, and setting up a separate or competing body would not make sense. Private industry councils and local welfare agencies could be required to have a working relationship just as vocational education and the employment service system currently do. The PICs are a natural connection with private employers. They are performance oriented and able to market program participants to other business colleagues when they are convinced the training is good or have a role in its design and content. They know where the jobs are, and what skills will be needed to fill them.

Programs should be coordinated with other education and training resources already available for similar population groups. This can be done best through comprehensive state-level coordination policies which provide criteria for coordination in the local planning process.

Success of the programs should be measurable, and in our view they will be less successful without involving employers in judging program plans and measuring outcomes.

In our view, Mr. Chairman, federal policy has already laid out an important framework on which to build more effective policies for serving welfare recipients. In a growing number of states, the elements of a successful employment and training program for welfare recipients are in place. The recipients want jobs, and want the training that will enable them to get jobs. Many businesses are looking hard for reliable, trained workers, and aren't finding as many as they need. The administrative structure for effective, efficient programs is being set up, at both the state and local level. The problem of welfare dependency is too serious, and the innovative solutions developed over the past few years are too promising, for us to give in to the notion that the welfare issue will go away if only funds are cut enough.

A key point to remember about employment and training services for welfare recipients is that they are bound to be both time-consuming and expensive. We are dealing with people who often need remedial education, have limited skills, and generally need supportive services such as childcare and transportation. In the past, and in the future, the limiting factor in making these programs operate is lack of funds, not a lack of participant motivation.

The savings that we will obtain from more effective employment and training programs for welfare recipients aren't going to show up in the form of sudden, dramatic drops in welfare costs. They will appear gradually, over a period of years, as administrative structures are set in place, people are trained, and individuals move off welfare rolls onto the tax rolls. Furthermore, the savings will accrue largely to the federal government, which bears the brunt of the costs of welfare.

States are not going to assume the heavy upfront costs of welfare training programs on their own when the majority of the savings go elsewhere. What is most important is to give the states the freedom, and the necessary funding, to continue their efforts.

Mr. Chairman, I would be happy to answer any questions the Subcommittee may have.

Mr. **Pease**. Thank you very much, Mr. Quinlan, for that excellent testimony. Next we will hear from Mr. Martin. Sir.

STATEMENT OF ROBERT L. MARTIN, ASSOCIATE MANAGER, COMMUNITY RESOURCES SECTION, U.S. CHAMBER OF COMMERCE

Mr. **Martin**. Thank you, Mr. Chairman. For the record, my name is Robert Martin. I am associate manager, community resources, U.S. Chamber of Commerce, and committee executive for the chamber's education, employment, and training committee.

Let me join Pierce in congratulating you for holding these hearings and, in particular, for inviting the employer community to participate.

The U.S. Chamber of Commerce has a keen interest in assuring that all Americans, regardless of personal circumstance, are afforded the opportunities to acquire the skills needed to succeed in our society.

We are committed to supporting sound policies that promote high levels of employment, while encouraging investment in human resources.

Proposals for new policies and programs should follow first, we believe, a review of current employment and training policy at the national level.

Second, an identification of current and future job opportunities, and third, an understanding of employer needs in the work force.

Congressional review of these issues, prior to introducing legislation, not only would strengthen the program, but, in our opinion, also better serve unemployed people including welfare recipients. We believe that nothing helps people find and keep jobs better than a strong and healthy economy. Since 1982, nearly 10 million new jobs have been created in this country, bringing our current work force to nearly 109 million Americans, the highest in our history.

Although the manufacturing and agricultural sectors still provide a significant portion of employment, the service sector increasingly will provide more jobs in the future.

Further, recent Bureau of Labor Statistics' figures single out an increasing role for small business in providing employment opportunities for Americans, up to 20 percent of all new jobs by the year 1995.

These employers, the small businesses, will require workers who can function in an information age where mental ability has replaced manual dexterity as the prime attribute in entry level job market.

The U.S. Chamber believes that the primary purpose of any national employment and training policy or program should be to increase opportunities for all Americans, to prepare for, find, and maintain meaningful employment.

Further, the chamber believes that employment and training programs serve little purpose if they do not lead to successful job placement.

As a result, the chamber has supported those programs that have prepared workers for permanent, unsubsidized employment opportunities such as the Job Training Partnership Act. At this point I would like to commend the efforts of the National Alliance of Business in helping to lead the business community in involvement in that program.

Annually, the Job Training Partnership Act spends over $3 billion, provides education and training services to nearly 1 million participants, and uses the resources of more than 3,000 private sector volunteers.

As an employment and training program we believe JTPA has been a tremendous success. The act has established a workable framework for public/private involvement in employment and training programs, that according to the U.S. Department of Labor statistics, annually serves over 900,000 disadvantaged youths and adults, in addition to more than 175,000 other unemployed people.

However, the success of this program is not the result of some magical formula. Rather, it results from the employer community providing input into program management and development, and basing success on one simple criteria. The placement of people into unsubsidized private sector employment.

Dramatic changes have occurred and are occurring within the labor force of this country that are directly impacting on the education, employment, and training opportunities of all Americans.

Since World War II, the life expectancy of Americans has increased from 63 years to more than 74 years. The number of women and minorities in the work force has nearly doubled, and approximately 75 percent of all Americans receive a high school diploma as compared to approximately 25 percent in the 1940's.

Now, however, we see three new emerging trends appearing in the American work force. First, we see an entry-level labor pool that is shrinking. The number of 14- to 24-year-olds entering the labor pool is declining. Once, almost 25 percent of our population, youth will account for only 16 percent of the American population by the year 1995.

Although this decline is projected to stabilize, the employer community is beginning to make adjustments in our hiring practices.

The second trend is that this country is experiencing ever increasing teen and adult illiteracy rates. As you know, Mr. Chairman, that Federal Government estimates tell us that 23 million Americans, or roughly 1 out of every 9 adults, are functionally illiterate.

You know best the economic and social costs of illiteracy. Contributing to this problem is a high school dropout rate that is approaching 1 million annually, or that approximately 25 percent of all students entering private and public high schools in this country will drop out.

Third. The American work force is aging. Americans age 65 years or older represent nearly 25 percent of our entire population. From 1940 to 1990, the ratio of employed citizens to retired citizens will go from 10 to 1 to 2 to 1.

Obtaining basic educational skills and competency continues to be the key, we believe, to personal economic success in this country.

During our lifetimes the average American will work for as many as 10 different employers while performing tasks in approximately 10 different jobs.

Success in these positions hinges on the individual's ability to effectively and efficiently function in a modern workplace.

Research indicates that factors contributing to an individual's success include first, a command of the English language. An alarming number of Americans do not have the functional command of the English language.

This deficiency greatly limits their success and mobility within the American society, because what we call standard English remains the almost universal language of commerce in this country.

Second, reading, writing and computation skills. The modern workplace is requiring that employees have the ability to follow written instructions, present written material in a clear and concise manner, and understand and apply basic mathematics.

Further, the need for mastering these skills will not lessen in the future; in fact it may indeed increase.

Third, interpersonal and oral communication skills. Job and career growth depends upon the worker's ability to effectively communicate in standard English, understand and deliver instructions, and deal constructively with fellow employees and the general public.

Since many current and future job opportunities involve constant interaction with customers and the public, employers will continue to place a premium on these skills.

Next, personal work habits and attitudes. Employees need to understand their responsibilities in the workplace, often referred to as the work ethic.

Personal work habits and attitudes indicate the level of responsibility the worker may be capable of assuming; a willingness to learn regular and punctual attendance, dependability, accepting responsibility, et cetera, are all part of that.

The American economy continues to be a remarkable producer of job opportunities for all Americans. As I said, since 1982, more than 9 million Americans have benefited from the current economic expansion.

However, it is indeed evident that some Americans must be reeducated, retrained, in order to meet the job opportunities of the future.

As the subcommittee continues its study of this issue, we urge you to review, and support, proven programs such as the Job Training Partnership Act. JPTA is providing real world opportunities for countless Americans. However, we also recognize the need to periodically evaluate the effectiveness and efficiency of all services provided to welfare recipients, and we believe employment and training programs should not be exempt from that process.

Welfare recipients must be granted the same opportunity to participate in Federal, State, and local employment and training programs as any other member of our society.

Further, it is essential that the American public be assured that programs serving this group are fully utilized before we ask them to finance new program initiatives.

We stand willing to assist you and the subcommittee as you continue your important work.

[The prepared statement follows:]

Statement
on
Work, Education, and Training Opportunities for Welfare Recipients
to the
Subcommittee on Public Assistance and
Unemployment Compensation
of the
House Committee on Ways and Means
for the
U.S. Chamber of Commerce
by
Robert L. Martin
June 17, 1986

I am Robert Martin, Associate Manager, Community Resources Section of the U.S. Chamber of Commerce, and Committee Executive of the Chamber's Education, Employment and Training Committee.

We appreciate the opportunity to present the Chamber's views on the work, education, and training opportunities for welfare recipients and others who may seek entry and advancement in the workforce. We congratulate the Chairman and Subcommittee members for holding these hearings at which the representatives of the business community can provide input into Subcommittee deliberations on this important issue.

The Chamber has a keen interest in assuring that all Americans — regardless of personal circumstance — are offered opportunities to acquire the skills needed to succeed in our society. It is committed to supporting sound policies that promote high levels of employment, while encouraging investment in human resources. Proposals for new policies or programs should follow: (1) a review of current national employment and training policy and programs; (2) identification of current and future job opportunities; and (3) understanding of employers' needs for the workforce. Congressional review of these issues, prior to introducing any new legislation not only will strengthen the program but, in our opinion, also better serve unemployed people, including welfare recipients.

Nothing helps people find and keep jobs better than a healthy, growing economy. Since 1982, nearly 10 million new jobs have been created, bringing the current work force to more than 109 million, the highest in U.S. history. Employment growth in the service sector of the economy continues to dominate this rise, with health and information services being the two largest components of this category. Although the manufacturing and nonagricultural sectors still provide a significant portion of employment, the service sector increasingly will provide more jobs in the future. Further, recent Bureau of Labor Statistics figures single-out an increasing role for small businesses in providing future employment opportunities — up to 20% of all new jobs by 1995. These employers will require workers who can function in an information age where mental ability has replaced manual dexterity as a prime attribute in the entry-level job market.

Chamber Employment Policy

The Chamber believes that the primary purpose of employment and training policies and programs should be to increase opportunities for all Americans to prepare for, find and maintain meaningful employment. Further, the Chamber believes that employment and training programs serve little purpose if they do not lead to successful job placements. As a result, the Chamber has supported those programs that have prepared workers for permanent, unsubsidized employment opportunities, such as the Job Training Partnership Act (JTPA).

Since its creation in 1982, the JTPA has addressed the education, training, and retraining needs of millions of American workers. The JTPA continues a long-standing federal commitment to employment and training programs. The program is based on a partnership that harnesses private sector expertise, resources, and support to tailor publicly financed training programs to meet the needs of a community. The Act gives maximum flexibility to local private industry councils; shifts administrative functions from the federal government to states; requires that a minimum of 70 percent of all funds be spent on training; and establishes earnings gains and reduced welfare dependence as mandated measures of performance. These principles are endorsed by the Chamber and supported by the business community because the management and delivery of public training programs is placed in the hands of local employers.

The JTPA funding is administered by the U.S. Department of Labor. Based on a federal funding formula, each Governor develops a statewide plan in association with the State Job Training Coordinating Council, comprised of one-third private-sector participants and chaired by a non-governmental representative. For purposes of program delivery, each state is divided into service delivery areas that develop local plans in conjunction with local private industry councils (PICs). The PICs are composed of at least 51 percent business members and chaired by a nongovernmental representative. Annually, JTPA programs spend more than $3 billion, provide education, training, and retraining services for nearly 1 million participants, and uses the resources of more than 3,000 private-sector volunteers.

As an employment and training program, JTPA has been a tremendous success. The Act has established a workable framework for private-sector involvement in employment and training programs that, according to recent U.S. Department of Labor statistics, annually serves more than 900,000 disadvantaged youth and adults, in addition to more than 175,000 other unemployed workers. The success of this program is not the result of some magical formula, rather, it results from the employer community providing input into program management and development and basing success on one criteria - *placement of workers into unsubsidized, private sector employment*.

The American Labor Force

Dramatic changes have occurred within the labor force that directly have affected education, employment, and training opportunities for all Americans. Since World War II, the life expectancy of Americans has increased from 63 years to more than 74 years; the number of women and minorities in the workforce has nearly doubled; and approximately 75 percent of all Americans receive a high school diploma, as compared to approximately 25 percent in the 1940's.

Now, three other trends are emerging in the American work force.

First, the entry-level labor pool is shrinking. The number of 14-24 year-olds entering the labor pool is declining. Once almost 25 percent of the U.S. population, youth will account for only 16 percent of the population by 1995. Although this decline is projected to stabilize, the employer community is beginning to make adjustments in hiring practices. Employers are actively competing for the services of America's youth, while aggresively recruiting older workers and women who are re-entering the workforce to fill the employment gap.

Second, this country is experiencing ever-increasing teen and adult illiteracy rates. Currently, the federal government estimates that 23 million Americans, roughly one out of every nine adults, are functionally illiterate. The economic and social costs of illiteracy are obvious: welfare, social service, unemployment compensation, training, and education costs amounting to billions of dollars. Contributing to these problems is a high school dropoutrate that approaches 1 million, annually, or that approximately 25 percent of all students entering public and private schools will not graduate.

Third, the American work force is aging. Americans aged 65 and older account for nearly 33 percent of the entire population. From 1940 to 1990, the ratio of employed citizens to retired citizens will go from 10 to 1 to a projected ratio of 2 to 1. This segment of the workforce will receive increased attention from the employer community as job opportunities expand and other elements of the labor pool contract.

Basic Education and Work Skills Are Needed

Obtaining basic educational skills and competencies continues to be the key to personal and economic success in this country. During their working lifetime, the average American worker will work for as many as 10 different employers and perform as many different jobs. Success in these positions hinges on an individual's ability to effectively and efficiently function in the modern workplace. Research indicates that factors contributing to an individual's success include:

- Command of the English Language

  An alarming number of Americans do not have a functional command of the English language. This deficiency greatly limits their success and mobility within the American society because what is called standard English, a common set of grammatical rules and pronounciation, remains the almost universal language of commerce in our nation.

- Reading, Writing and Computation Skills

  The modern workplace is requiring that employees have the ability to follow written instructions, present written material in a clear and concise manner, and understand and apply basic mathematics. Further, the need for mastering these skills will not lessen in the future, and may increase.

- Interpersonal and Oral Communication Skills

  Job and career growth depends on the worker's ability to effectively communicate in standard English, understand and deliver instructions, and deal constructively with fellow workers and the general public. Since many current and future job opportunities involve constant interaction with customers and the public, employers will continue to place a premium on these skills.

- Personal Work Habits and Attitudes

  Employees need to understand their responsibilities in the workplace. Often referred to as the "work ethic," personal work habits and attitudes indicate the level of responsibility the worker may be capable of assuming. A willingness to learn, regular and punctual attendance, dependability, accepting responsibility, and dressing appropriately, can all contribute to expanding job and career opportunities.

Future Considerations

The American economy continues to be a remarkable producer of job opportunities for American workers. Since 1982, nine million Americans have benefitted from the current economic expansion. However, it is evident that some Americans must be re-educated, trained and/or retrained to meet the challenges of future job opportunities. This was stated succinctly by the National Commission on Excellence in Education:

> The people of the United States need to know that individuals in our society who do not possess the levels of skills, literacy, and training essential to this new era will be effectively disenfranchised, not simply from the material rewards that accompany competent performance, but also from the chance to participate fully in our national life.

As the Subcommittee continues its study of this issue, we urge your review and support of proven successful programs like the Job Training Partnership Act. JTPA is providing real world job opportunities for countless Americans. However, we also recognize the need to periodically evaluate the effectiveness of all services provided to welfare recipients and employment and training programs should not be exempt from this process. Welfare recipients must be granted the same opportunity to participate in federal, state, and local employment and training programs as any other member of our society. Further, it is essential that the American public is assured that programs serving this group are fully-utilized before we ask them to finance new program initiatives.

We stand willing to assist you and this Subcommittee as you continue your work on this topic.

Mr. Pease. Thank you very much, Mr. Martin. I appreciate your testimony as well.

I think that this is a very good start for our hearing this afternoon, and I am delighted, and I am sure I speak for the chairman also, in the degree of cooperation extended by both of your organizations to this effort.

I think it is probably clear that there has to be a public-private partnership in this effort. I think you made the point, Mr. Quinlan, that obviously it is better if the recipients have incentives to go into it rather than being forced into it; that certainly their attitude will be better.

The Medicaid problem has been raised before and that continues to be a problem. If I had to choose between medical coverage for myself and my children, and making even a little bit more in a paid job, I would want to stick by that medical coverage I think.

Do either of you have any thoughts on the medical part? You suggested perhaps making people eligible for Medicaid for up to a year afterward.

Is there something we can do beyond that, in terms of encouraging employers to cover more people under insurance?

Mr. Quinlan. Mr. Chairman, if I might take a first cut at that. One of the concerns we have is that larger employers will typically have health care programs. Larger employers are not necessarily the ones that are growing, and so the issue is, do you want to rule out employment opportunities for welfare recipients with smaller employers? I think all of us would say of course we do not want to do that.

What kind of bridging mechanism? We are not saying do this on a permanent basis necessarily, but what kind of bridging mechanism can be given to an individual to get them fully ensconced into the labor force, building their credentials. Conceivably, if they are not able, after a year, to work out with that particular employer, they have skills and they can go to another employer who might have health services.

That is not a long-term solution for everybody but it is a bridging mechanism that occurs to us.

Mr. Martin. I think we would share that same view, Mr. Chairman.

Mr. Pease. Some people have suggested that we ought to require employers to offer health insurance. Would either one of you endorse that suggestion?

Mr. Martin. Mr. Chairman, I am sure you know that we would not endorse that sort of a concept.

Mr. Quinlan. Well, Mr. Chairman, one of the distinctions that I see in many of the programs developing at the State level, is that they are education, training, and job programs, whose success depends on the willingness of employers to participate and take the results.

If there are ingredients that are applied that make employers less likely to take the results, then we have defeated ourself in the process. I think we have to find some other mechanisms, and obviously, the question of any kind of national health insurance is a broad question beyond what we are dealing with here.

But we are turning the corner in terms of employers' understanding and willingness to take people from the welfare community, and I think we should build on that.

Mr. **Pease.** Is the chamber of commerce ready to endorse a national health insurance plan yet?

Mr. **Martin.** When I get back to my office, I will see if we have had a change in policy. [Laughter.].

Mr. Chairman, may I take one moment to mention something that is alarming to us, and I think that is perfectly within the jurisdiction of this subcommittee to look at, and that is the fact that services that are dealing with welfare recipients in general are so decentralized and so scattered throughout the Federal Government, it seems to me that one very positive thing that could come out of this set of hearings would be a call for someone, the GAO or others, to look at the variety of services that are provided. Where are they offered with—and I can think of the Department of Education, HHS, Department of Labor, all of which are dealing with very similar clientele groups. We need to have that kind of an inventory. That would be extremely valuable to the employer community, to know where those services are, to know where the benefits may be to bring those people on board.

Mr. **Pease.** Apropos of that, as you know, the President will be recommending welfare reform to us at the end of this year, and part of the fragmentation comes from the fact that the present welfare system is essentially administered at the county level in most States, but tbe counties do not provide very much of the money.

Most of the money comes from the States and from the Federal Government.

Would either one of you, at this point, suggest a basic change in that organization? Should we federalize AFDC, for example, get the counties out of it altogether?

Mr. **Quinlan.** Mr. Chairman, let me speak to the experiment that is going on in California called the GAIN Program, which I think has a lot of strengths to it because it is built on State legislation that all sides of the political spectrum have bought into; the State has appropriated money; it is a county-based system.

In California, there are 51 private industry councils. So there is a fair amount of matching between the private industry councils and the county welfare programs.

There is the potential of working out the intergovernmental meshing of programs. I think the design is good. The implementation will be the key. As an example, our office in San Francisco has been working with Santa Clara County. In that instance, the county person responsible for welfare is also responsible for the employment and training related to the private industry council. I think there is an interesting possibility to try out coordination, using the existing system. So, I would say the States are doing many interesting things using present authority.

I think it might be well worthwhile to take a couple of years to see how those things work, and they are being disseminated quite broadly beyond State boundaries.

In the process of looking at this, we will be able to see the different approaches that States such as Massachusetts, or Illinois, or New York, or California are taking, and they are different. But, in the last analysis, they may give us as much guidance as we might expect through any kind of national change, which is always, as you know, better than I, Mr. Chairman, difficult to bring about.

Mr. **Pease**. Surely.

Mr. **Martin**. But Mr. Chairman, throughout all these programs that Pierce and others have, I am sure, brought to your attention, there is one common theme, and the sooner we get to that the better off we are going to be, and that is local economic development.

The sooner we can plug welfare recipients into the work force, the better off we are going to be.

And it just seems to me that we have a real opportunity here, with the declining number of entry-level people moving into the work force, to make it an economic development issue, or to try to move toward making it a local economic development issue.

Mr. **Pease**. Mr. Quinlan, you suggested in your testimony that it would be much better to give incentives for welfare recipients to participate rather than forcing them to do so.

That goes somewhat contrary to the recommendations of some "Workfare" advocates that you either work or you do not get your welfare at all.

Do you think it would be a mistake for us to require people to work in order to participate in welfare?

Mr. **Quinlan**. Well, it is a fairly close call in my thinking. I think that a motivated enthusiastic applicant is better than one that is forced.

I would guess that in the California context you would say that there is a requirement there, but there are many qualitative steps that one has to go through before you even come to that. If it is treated as a jobs program where the objective is to get an unsubsidized job, I think that is the ingredient that counts. Ultimately, maybe further down the process, there might be some requirements.

But if you start with the heavy hand, I think that that is a disadvantage. We would prefer to have a program that focuses on voluntary involvement rather than a mandatory approach.

Mr. **Martin**. We would agree with that voluntary involvement.

Mr. **Pease**. OK. I would like to raise a concern that I think one of you addressed. I am not sure which one of you mentioned that we are likely to have a labor shortage in the years ahead because of demographics.

Mr. **Quinlan**. I think we both did.

Mr. **Pease**. OK. I get people coming into my congressional offices, as all Members of Congress do, turning to us as sort of a last resort. They are desperate for jobs. They want to work, and may often be on welfare; sometimes they are not. And I talk with them and get a quick idea of what their level of schooling is, what their skill levels are, what their communication skills are, what their health problems are. Sometimes they have peculiar personalities. And I say to myself, this person is never going to get a job in a county where, in my case, 1 out of 10 persons is already unemployed, and where employers now have a choice of 100 people for every position. Do you think the demographics will take care of that, or do you worry that in encouraging welfare people to become employable, we will have a difficulty placing the ones that are most lacking in job skills? Unfortunately, there are always going to be people who just are not too bright and are not very well educated, or very well motiviated.

Mr. QUINLAN. Well, I think there will always be a mismatch, Mr. Chairman. Certain parts of the United States will enjoy the economic benefits more slowly than others; certainly, in your district you have had lots of economic problems.

But in the last 10 years we have generated 22 million new jobs and we have had slightly over that number of people enter the labor force.

So we have had to run like crazy to stay even. In the next 10 years we anticipate the number of people entering the labor force will drop from 22 to 14 million, and that 16 million jobs will be generated.

So, according to the Bureau of Labor Statistics, we estimate that some 2 million more jobs will be created than there will be people in the labor force to fill. Those people are alive now, so we know pretty much who they are and where they are, and what are their characteristics. But there will always be mismatches, and one of the mismatches we are concerned about is the cadre of people who are in our inner cities. There tends to be a lot of economic growth in the suburban areas, but not necessarily in the inner cities. And that is where a considerable portion of our welfare population, youth unemployment population, and dropouts live. That is where these problems occur, and we have to do something to solve that mismatch. There are multiple things that can be done including transportation, economic development in the inner city and the like.

But the possibility of having mismatches is very real. One of the reasons for getting the business community involved in the process of determining what training should be provided to the people on welfare is that they have a better sense about where those jobs are, so that you are not putting people through the fraud of training them and raising their expectations without having any possibility of employment.

That is the worse possible thing that can happen. I think we have learned a lot over the last 20–25 years in avoiding that particular problem, and one of the reasons why we suggested the private industry councils can serve as this kind of mechanism is that you have got a council that is at least 51 percent, and on average 56 percent, representative of the business community, as well as all the other communities, and chaired by a person from the business community. You have got that better sense of the labor market in the decisionmaking process. We think this is an emerging form of governance that needs to be looked at, and has as much applicability for people who will be eligible for welfare as for JTPA.

There is a band of about a third of the people in our labor force either wanting to get in, or having dropped out, or in the labor force that have employment problems.

They have got literacy problems, employment problems, and the like. We have to deal with that total spectrum of about a third of the labor force in a much more coherent and coordinated way, particularly at the local level.

Certainly we need to do it at the national level and at the State level, but where the action takes place at the local level it is critical. I think the private industry counsel serves as a mechanism that we need to look at for doing other sorts of things and I hope that some of the representatives who will speak after me, from Massachusetts, will be able to give you an indication of what their experience has been since they are beginning to think in those broader terms.

Mr. PEASE. OK. I appreciate that. If the BLS statistics and projections are right, then it sounds to me as if during the next 2 years we will gain a net 2 million in employed people. Is that——

Mr. QUINLAN. It is a window of opportunity that we have between now and about 1993 or 1994, where the demographics are in our favor for the first time, where we ought to be able, if we are smart enough, to begin to solve some of the problems of serious youth unemployment, problems of people on welfare, and many of these interrelated issues.

The message we are putting forth to employers is that with the military taking as many as one out of every two or three of young people coming into the labor force, you are really going to have to look very hard at people you may not have looked at before.

And that is a bottom line issue, not solely dependent on someone having a social conscience, I think it is a much broader issue facing the whole spectrum of American business.

Mr. PEASE. I think that is encouraging. I do not want us to fool ourselves. If we have a 2 million net gain in jobs over the next 8 or 10 years, then theoretically that will reduce our unemployment from 8½ million to 6½ million, which still leaves a lot of people. But any tightening up would obviously make employers look at people that they might now just turn away.

Mr. Martin, I want to move on to the next panel, but before I do, since you are going to be checking with your board anyhow about socialized medicine, I would like to take advantage of my temporary chairmanship of this committee, to point out that there is a piece of legislation, of which I coincidentally am the author, which would seek to provide this bridge for health insurance, and to do so through the existing private health insurance system.

Essentially it would use the Federal Government only as a way of bringing together the customers and the private insurance companies with Government also picking up a fair amount of the cost, but not getting involved in the administration of the program.

And essentially it would say that anybody could buy a basic health insurance program, or a policy, for 7 percent of that person's income, whatever that income was.

So if a person is just coming off of welfare and has got a minimum wage job for 30 hours a week, that person could get health insurance for 7 percent of that amount, and if the person ultimately makes $30,000 a year, then it is 7 percent of that amount, and a normal policy would become more attractive.

There is a shortfall between that the person would pay in premiums and the cost of policy, and it would be made up by the Government, and to the extent one is concerned about Government spending, that is a legitimate concern. But I think it avoids the criticism of most national health system plans of getting the Government involved in coercing doctors and hospitals and others into a system. So that might be something that you would want to come back to in a week or so and let me know of your endorsements.

Mr. **Martin**. I assure you that I will get this information back to the appropriate staff person. I took very good notes, and someone will get back with you, Congressman.

Mr. **Pease**. Thank you very much. I appreciate your testimony.

We will hear now from our second panel. Mr. Donald Wrentmore, director of personnel, ITT Semiconductors; John Landry, assistant vice president, First Bank Systems, St. Paul, MN; and Clem Izzi, president, Ideal Tape Co., Lowell, MA.

Gentlemen, we are happy to have you with us and we will begin with Mr. Wrentmore.

STATEMENT OF DONALD R. WRENTMORE, DIRECTOR OF PERSONNEL, ITT CORP., SEMICONDUCTORS DIVISION, LAWRENCE, MA, AND PRESIDENT, LOWER MERRIMACK VALLEY PRIVATE INDUSTRY COUNCIL

Mr. **Wrentmore**. Thank you, Congressman Pease, from a fellow Buckeye. As background information, I have been in manager or director of personnel positions with ITT for 15 years. For the past 6 years, as director of personnel for ITT Semiconductors in Lawrence, MA, I have been directly involved with regional job training programs, and JTPA as a result of serving as a member of the Lower Merrimack Valley Private Industry Council. During that time I spent 3 years as a member of the private industry council's planning and evaluation committee, serving as its chairperson for 1 year. In addition, I am now serving my second consecutive year as president of the full private industry council. This council is comprised of 44 members, 23 of them being private sector representatives.

In Massachusetts, the private industry councils have had a significant influence on the employment and training choices program as they were given the responsibilities of planning and oversight for most programs within their service delivery area. In Massachusetts, the employment and training choices program was started in 1983 as a new employment and training program for AFDC recipients and applicants. The goals which were established back then were to place 50,000 AFDC recipients into jobs, save the Commonwealth $150 million in welfare costs, and to prove that welfare recipients would choose work over welfare if given the proper training and support, and if presented with genuine opportunities for economic improvement. The results have been impressive. Over the last 3 years, the AFDC caseload in Massachusetts has fallen 8.6 percent.

This is the largest decline, percentagewise, among the 12 States with the highest welfare caseloads in the country. This year the employment and training choices program will save $170 million due to decreased AFDC, Medicaid, and food stamp costs, and increased Social Security, Federal and State tax payments by former welfare recipients who have now become self-sufficient taxpayers. What that means in numbers of people is 24,000 welfare recipients who have obtained full- or part-time unsubsidized jobs since 1983.

Why has this program been so successful? I believe there are a number of reasons. One is that when the Department of Public Welfare started the employment and training choices program, they did so by using existing structures to implement and deliver the training programs. They turned to the private industry councils, existing job training agencies, and the division of employment security to get the job done. By utilizing the PIC's, they involved the business community in a process which, in a majority of cases, would be the ultimate benefactor of the training programs through the hiring of trainees.

A second reason the program it so successful may be, in my opinion, the single most important aspect of the entire program, and that is the fact that the program is voluntary. People utilize the components of the program because they want to do something to escape from welfare dependency. Time after time I have had our employees tell me that it is not fun to be on welfare; that they see welfare programs as degrading and meeting only the bare necessities of living. The employment and training choices program allows them an avenue to self-dependency.

From an employer's viewpoint, human resource personnel attempting to fill positions within their companies with qualified individuals would much rather interview a person who had voluntarily taken the initiative to prepare themselves for employment. A recruiter is not interested in interviewing anyone, including welfare recipients, who may only be there because it is a requirement for them in order to continue to receive some sort of assistance. Faced with the prospect of attempting to determine whether a person really wants a job, or is only meeting an imposed requirement, the recruiter may well take the safe route and simply decline to hire any welfare recipient candidates.

On the other hand, the employment candidate who has voluntarily used resources available to them to obtain some level of training which makes them job ready becomes an excellent candidate for employment. The employer is assured, right from the beginning, that the individual is truly interested in finding a job and achieving economic self-sufficiency. Participants in the Employment and Training Program choose the service component that is right for them. Job search and placement services for the job ready; training for those who need to learn a skill; education from literarcy training in English as a second language classes to community college for those who need it; and supported work for those who need help in the transition from welfare to work.

One major item which needs to be addressed under any system which attempts to prepare welfare recipients for jobs is the problem of transition. As you know, when a welfare recipient obtains a job which pays more than approximately $5 per hour, all welfare benefits are immediately terminated.

This includes medical and health benefits. Frequently, indeed, in most cases, hospitalization and medical insurance provided by a private sector employer does not become effective until after some waiting period. Other important transition issues include transportation and perhaps just as important as health insurance, day care. All of these issues are major obstacles which remain in a person's life. They do not magically disappear simply because someone has obtained employment. Some provision for addressing these issues needs to be included in whatever system is used. Any one of them, by itself, is critical enough to undo whatever benefit or advantage might have been gained through a training system. These types of supports must be continued where they are required, for some period of time, in order to allow that person a reasonable chance to take full advantage of the progress they have made. It is incredibly shortsighted to jeopardize the advancement of an individual because of the lack of continuing support for a short time longer.

In considering proposals for improvements of welfare programs, I would urge the Federal Government to allow the States as much flexibility in operating programs as is possible. Massachusetts has demonstrated that the Employment and Training Choices Program works very well. This does not mean, however, that the same program, in total, would work equally well in other States. The Employment and Training Choices Program was innovative and is successful. This has been proven by any standard of measurement anyone wishes to apply. Success breeds success. As publicity about the Massachusetts program is spread, other States look to see what is different in what they can use in their particular situations. The point is, that if the opportunity to establish innovative programs is curtailed, there is a tremendous risk that creative programs might be curtailed.

Congressman, I want to thank you again for this opportunity to testify.

I will be happy to answer any questions that you may have.

[Attachments to the statement follow:]

PB-86-5D13/P1

WELFARE RECIPIENTS JOB PLACEMENT FACT SHEET
Lower Merrimack Valley Service Delviery Area
Lower Merrimack Valley Private Industry Council
Commonwealth of Massachusetts
July 1, 1985 to May 31, 1986

I. Performance:

		Plan	Actual
1.	Welfare Recipient Entered Employment Rate	60%	62%
2.	Total Number Entering Employment	162	226
3.	Average Wage at Placement	$5.25	$6.11
4.	Total Number Companies Hiring Welfare Recipients	N/A	100
4A.	Number of Companies over 500 Employees	N/A	12
4B.	Number of Companies under 500 Employees	N/A	88

II. Alphabetical Listing of Companies:

	Company	No. of Hires
1.	A.H. Anderson Company	1
2.	AT & T Technologies	42
3.	Alden Merrill Corporation	4
4.	Alpha Industries	2
5.	Alphatron	1
6.	Alternate Circuit Tech.	2
7.	Amesbury Metal	1
8.	Andover Chocolate Company	1
9.	Anlaw Nursing Home	5
10.	Arlington Trust Company	5
11.	Bank of New England	1
12.	Bay Bank	2
13.	Bolton Emerson	1
14.	Boy's Club - Lawrence	1
15.	Broadway Nursing Home	2
16.	C & P Insulation Co.	1
17.	Community Action Inc.	1
18.	Cargo Caire	1
19.	Dorman Bogdonoff	6
20.	Driclo Corporation	1
21.	Dynamics Research	4
22.	E.J. Systems	1
23.	Eastern MFG	1
24.	Everclean Mgmt Co.	1
25.	First Essex Bank	3
26.	Flavor Fresh	1
27.	Friendly's	1
28.	G & P Insulations	1
29.	Greater Lawrence Chamber	1
30.	Garfield & Rosen	2

II. Alphabetical Listing of Companies:

	Company	No. of Hires
31.	GCA Corpertion	1
32.	Greico Brothers	4
33.	H.K. Webster	1
34.	Haffners	1
35.	Highland Towers	1
36.	Holiday Inn	1
37.	Honeywell	1
38.	Internal Revenue Service	9
39.	ITT	8
40.	Kemper Insurance	1
41.	Kentucky Fried Chicken	2
42.	Lawrence General Hospital	3
43.	Lawrence Public Library	1
44.	Lawrence Saving Bank	2
45.	Lawrence Eagle Tribune	1
46.	Lawrence Originals	1
47.	Liberty Mutual Insurance	1
48.	MA/COM	1
49.	Magnetometric Devices	1
50.	Malden Mills	1
51.	Mary Immaculate Nursing Home	3
52.	Mass. Dept. Public Works	1
53.	Merrimack River Child Care	1
54.	Metropolitan Credit Union	1
55.	N.Y. Style Clothing	1
56.	N.E. Allergy & Immunology	1
57.	N.E. Brickmaster	1
58.	Nevins Nursing Home	1
59.	New Balance Shoes	1
60.	New England Thermoplastic	2
61.	Northeastern Construction	2
62.	Northeastern Scale Model	1
63.	Parent Bus Company	1
64.	Parlex Corporation	1
65.	People Inc.	1
66.	Polar Bear Insulation	2
67.	Polo Clothing	1
68.	Prime Painting	2
69.	PT Brake Lining	1
70.	Pump N' Pantry	2

II. Alphabetical Listing of Companies:

	Company	No. of Hires
71.	R & G Construction	2
72.	Rapid Processing	1
733	Red Tavern	2
74.	Reliable Security	3
75.	Salem Haven	1
76.	Scherborn Consolidated	1
77.	SELF Painters	2
78.	Shabill Realty	2
79.	Sheraton Rolling Green	1
80.	Steve Silva Company	1
81.	Stride Rite Shoe	1
82.	Stuarts	1
83.	STW Nutmeg Inc.	1
84.	Suburban Maintenance	1
85.	Tac Temps	2
86.	The Gillette Company	1
87.	Tilton School	1
88.	TJ MAXX	1
89.	Town Manor	3
90.	United Foam Plastics	1
91.	Voter Reg Office	1
92.	W.N. Peterson Assoc.	1
93.	Wang Labs	4
94.	Williams Assoc.	1
95.	Winfield House	3
96.	Wood Nursing	4
97.	Woodmill N.H.	3
98.	YWCA Day Care	2
99.	YMCA	1

Mr. **Pease**. Thank you very much, Mr. Wrentmore, we appreciate your testimony, and quite obviously, it carries the flavor of someone who has been involved at the nuts and bolts level of actually operating these programs.

The bells that you heard, unfortunately indicate that there is a vote on. I will declare a brief recess, but I will assure you it will be brief. I will not be gone for more than about 8 minutes.

[Recess.]

Mr. **Pease**. The meeting will reconvene, and we will hear next from Mr. John Landry.

Mr. Landry.

STATEMENT OF JOHN LANDRY, MEMBER, BOARD OF DIRECTORS, FAMILY SERVICE OF GREATER ST. PAUL, AND ASSISTANT VICE PRESIDENT, FIRST BANK SYSTEM SERVICES, INC., ST. PAUL, MN

Mr. **Landry**. Congressman Pease, my name is John Landry and I live at 1546 Royal Hills Drive, Arden Hills, MN.

I am an assistant vice president for First Bank System Services, Inc., and I serve on the board of directors of Family Service of Greater St. Paul.

I would like to thank you for providing me with this opportunity to speak to you today about employment of income maintenance recipients in the private sector—opportunities for paychecks rather than welfare checks.

For years, I have listened with mild interest to the debates surrounding the issue of AFDC dependence. I have heard that welfare is too generous and proves to be a disincentive to work. And I have heard that AFDC grant levels are inadequate to support a family. I have heard that there exists a lack of jobs that pay adequate salaries, and I have heard that AFDC mothers are lazy and do not want to work.

I have heard that AFDC recipients have babies so that they can stay at home. And I have heard that there is a lack of affordable quality child care so that these mothers can work.

All of these arguments are still raging and will likely continue to be a subject for debate for some time. However, for a few First Bank System employees, the arguments can go on without referring directly to them. These employees have, with help, liberated themselves from welfare dependency.

Last year, First Bank System Services agreed to participate in the Minnesota Supported Work Program. The supported work staff person was seeking potential employers who were willing to develop entry-level permanent employment positions in the private sector for long-term AFDC recipients. My company's agreement to participate in this program led to my involvement.

The Supported Work Program was presented as an effort to take long-term AFDC recipients off the AFDC roles by providing the necessary job development, preemployment preparation for both the recipient and the employer, graduated responsibility for the employee, monitoring, and postemployment support. The program aims to place participants in meaningful employment positions that match their individual skills and goals. Participation in the program is voluntary. And the program is also considered experimental.

The concept of supported work was pioneered on the east coast, and the Council on Black Minnesotans put together the initial Minnesota-supported work proposal. In December 1984, the State of Minnesota allocated a minimal amount of funding to hire one person to staff a small experimental program. To date, 30 AFDC recipients have become employees. All participants must be registered with the Work Incentive Program if WIN is available in that county. Six of these thirty women have children under 6 years of age. These women voluntarily registered with WIN. Each participant must have a high school diploma or general education diploma. Most, however, had little or no work experience.

The program utilizes and coordinates other available community resources. One such resource is the Minnesota Employment and Economic Development Wage-Subsidy Program. As a potential employer, we were offered wage incentives coupled with ongoing support and monitoring from the Supported Work Program staff to train participants for a period of 6 months. We were asked to place three to five participants in our company and to gradually increase their job demands over a 4-month period. We were asked to appoint an employer liaison to work with the supported work staff during the first 6 months. A representative from our Human Resources Department is fulfilling this function.

The Supported Work Program staff determine client eligibility, develop the applicant pool, arrange necessary support services for the participant based on a needs assessment, and then conduct preemployment preparation training before selecting appropriate applicants for us to interview.

We then set up and conducted interviews with the participants who possessed, or could be taught, the skills necessary to perform a specific job in the department. I was impressed by the participants who I interviewed. Each seemed well prepared and highly motivated to work. They had good eye contact and posture, showed enthusiasm for the job, and generally gave a positive first impression. Their preemployment preparation had obviously been very successful. Employment was determined on the strength of the interview process.

Participants who are hired received a Supported Work Monthly Progress Report that evaluates punctuality, attendance, quality of work, attitude and behavior, ability to complete assigned tasks, and personal grooming. The participants meet twice a month on Saturdays with the supported work staff to problem solve and process the transition to work. The monthly progress reports are discussed during these sessions. This process facilitates the development of good work habits and prevents major crisis from developing. If performance expectations are met, and job openings occur, we will offer permanent employment to our participants.

Participation with the Supported Work Program has provided many positive results for both my company and for me. My departmental staffing has been very lean due to budget constraints. And it was very helpful for me to have additional staff available at no expense. The rate of turnover is relatively high in our entry-level positions. The supported work employee is trained and ready to take over when the vacancy occurs. Once hired, there are many opportunities for advancement within the company. On a more personal level, as the anti-AFDC debates heated up at the State capitol, I had a sense of making a direct contribution to a positive solution of a very complex problem.

But we are not just talking about numbers of recipients. I am talking about Edna. Edna is the participant who was chosen to work in my area. She is divorced, the mother of a 7-year-old daughter, and comes from a family with a history of AFDC dependency. She had been on AFDC for 3 years and was intimately familiar with the stigma attached to being a recipient of public assistance. It was very evident during the job interview that she had a strong desire to seek independence from public assistance and become a better role model for her child.

Before coming to talk to you, I had a lengthy discussion with her. She revealed some very interesting changes that she felt had been made in her personal life as a result of being employed. Edna has a sense that her whole life has been turned around. She now possesses a high sense of self-esteem and dignity. She is proud to be the first member of her family to have broken away from welfare dependence. She has cast off the yoke of shame that is a part of the social stigma attached to welfare. Cashing a paycheck at the bank is a different experience than cashing a welfare check.

Edna's daughter has also been affected. Part of Edna's motivation to work stemmed from her desire to set a positive role model for her daughter. Now her daughter plays going to work. Edna now can afford to give her daughter some of the things that she could not afford before.

She credits the success that she has experienced to date with the Supported Work Program. The program provided financial aid, excellent counseling, and support to assist her in her transition from welfare to work. She would probably never have considered even interviewing for the job that she now competently fills. The doors have been opened for her, and I believe she will continue to be a taxpaying, contributing citizen.

The 30 supported work participants had among them 57 children. While the average cost per participant who enters employment in the Supported Work Program is $7,283, the State and Federal Government should net a benefit from this investment in a relatively short period of time and the long-term benefit seems assured.

This country was built on the notion that those who can work, should work. However, the definition of "those that can" is changing. As the definition of "those that can" increasingly incorporates AFDC recipients, we must make sure that the support and the jobs are there to assure that they really can. One positive program that does provide opportunities for paychecks from the private sector, rather than welfare checks from the public sector, is the Supported Work Program model.

Thank you for this opportunity to speak with you today.

[Attachments to the prepared statement follow:]

Minnesota Employment and Economic Development Program) (MEED)

Minnesota implemented a State-run wage subsidy program July 1, 1983 for the unemployed. During the 1986 legislative session, AFDC recipients were added to the priority service population list. To date, the state has invested $127 million in this program. It is called the Minnesota Employment & Economic Development Program or MEED. The program offers employers a wage subsidy of up to $4 an hour and $1 an hour in fringe benefits per MEED participant hired, for up to 1,040 hours of work over the course of 26 weeks. Businesses that do not retain the employee after the six month subsidized period are required to repay up to 70 percent of the amount received under the program. The program's initial two year goal was to serve 12,500 unemployed Minnesotants. In fact, they served 30,547. Eighty-three percent of those who found jobs through MEED were still employed with the same employer at the 60 day post-subsidy follow-up. Eighty-five percent of the jobs are in the private sector. Between January, 1986 and April, 1986, 370 of the 3303 MEED participants were AFDC eligible.

FACT SHEET

Minnesota Employment & Economic Development
(MEED) Wage Subsidy Program

What is the Minnesota Employment & Economic Development (MEED) Wage Subsidy Program?

The MEED Wage Subsidy Program is a permanent state jobs program established by the 1985 State Legislature. The purpose of the program is to encourage creation of new, permanent jobs for unemployed people without other job prospects. The new program is an outgrowth of an earlier MEED program that had been created as a temporary emergency jobs program. MEED Wage Subsidy is operated as a part of the Department of Jobs and Training.

Who can participate in the jobs program?

Participants include: unemployed persons; private sector employers who agree to provide additional jobs; and government and non-profit agencies which provide temporary work projects of benefits to the community.

Of the total jobs created by this program a minimum of 75 percent will be in the private sector and the remainder will be in the public sector.

How much money has been made available?

The 1985 Legislature appropriated $27 million for the biennium, July 1, 1985 to June 30, 1987.

Which Job seekers will quality?

To participate, a person must: be a state resident for at least one month; be unemployed; be ineligible for or have exhausted either unemployment insurance benefits or workers' compensation; and be available to work for the duration of the job offered under the program.

Which job seekers will receive priority?

Priority will be given to eligible job applicants living in households with no other source of income; persons who are eligible for general assistance; those who are eligible for AFDC; and farm households that can demonstrate severe financial need. Priority also will be given to those individuals who previously worked in public MEED jobs if they fit into one of the four priority categories.

What does the program offer employers?

For each individual employed under the program, the state may subsidize up to $4 an hour in wages and up to $1 an hour in fringe benefits, for up to 1,040 hours over 26 weeks. The time can be extended to 52 weeks for workers also enrolled in a job training program. Public and private sector employers use their own funds to increase the hourly wage rate. A worker's wage is set up by the employer and must be equal to the wage paid others for the same work. Day care assistance is available.

How will private sector employers be selected to participate in the program?

Private sector employers will be encouraged to supply job opportunities. Priority will be given to small businesses; businesses which have potential for growth and for offering new jobs on a long term basis; businesses which make use of Minnesota resources, new technology and energy conservation; businesses which primarily operate in Minnesota; and businesses which are under ownership of women and minorities.

Are there incentives for private employers to retain employees hired under this program?

Yes. A business will be required to repay 70 percent of the amount received under the program if the employee does not continue on the job after the six-month subsidized period. If the employee is retained one year beyond the six-month subsidized period or longer, no part of the funds need to be repaid. For periods of more than six months, but less than 18 months, employers will repay a portion of the amount received under the program.

How will money be allocated?

The commissioner of the Department of Jobs and Training will allocate 70 percent of the available funds to eligible local service units for the Wage Subsidy program as follows: The proportion of the Wage Subsidy money available to each service unit is based on the number of unemployed persons in that local service unit for the most recent six-month period, the number of Work Readiness Assistance cases and on the number of families receiving Aid for Families With Dependent Children (AFDC) for the most recent six-month period.

Thirty percent of the money available for the Wage Subsidy program must be allocated at the discretion and direction of the coordinator of the Office of Full Productivity and Opportunity. One-half percent of the total appropriation is available to administer the funds.

Where can more information be obtained?

Contact the Minnesota Employment & Economic Development (MEED)
Wage Subsidy Program office:
690 American Center Building
1500 E. Kellogg Blvd.
St. Paul, MN 55101
612/297-2437 or 1/800/652-9747

Open Letter To:
Mr. John Landry
Ms. Roberta Beale
Mr. Tony Ebertz

On May 16th when I was officially hired with First Bank Systems I was so thrilled and very excited that I failed to properly thank all of the important people who made it possible to happen for me.

So although late I want to say Thank-you, for giving me this grandest opportunity ever; Thank-you for opening a door for me, that sometimes I felt was forever slammed shut. You can't know the joy my child feels because now some of the things she used to ask for and couldn't get she now has, not just toys but food, and clothing items as well. Thank God for people like you three who gave someone like me a chance, hope, dignity and Pride.

Edna

Mr. **Pease**. I thank you, Mr. Landry. We appreciate that testimony.

Finally in this panel we will hear from Clem Izzi.

Mr. Izzi.

STATEMENT OF CLEMENT D. IZZI, PRESIDENT, IDEAL TAPE CO., LOWELL, MA, AND CHAIRMAN, GREATER LOWELL PRIVATE INDUSTRY COUNCIL

Mr. **Izzi**. Thank you, Congressman.

I am president of Ideal Tape Co. in Lowell, MA. Ideal Tape is a 30-year-old company and manufactures pressure-sensitive adhesive tapes. I also serve as chairman of the Greater Lowell Private Industry Council.

My comments are regarding the ET choices program in the Commonwealth of Massachusetts, which is designed to provide job training for welfare recipients in a State which has the enviable position of having extremely low unemployment and a significant budget surplus. The early success of the program can perhaps be more attributable to the explosive economic growth of the Commonwealth and the trickledown effect.

Our company, Ideal Tape Co., began to see the trickledown effect and the need for additional people in 1985, and suddenly they were not there.

It is a continued problem in Lowell, MA. Because of my involvement in the Private Industry Council, we scoured the employment and job training programs for the few people we needed. Some success and some failure. Title II A, GED, Exoffenders, supported work, DES, ESL, ET. Suddenly we were in the employment alphabet soup. Problems we encountered in trying to hire people from these programs were: lack of affordable day care; misguided expectations; lack of a work ethic; lack of transportation; bureaucracy; and competition from high technology.

As a smaller company with 150 employees, we thought our problem was due to our size and our non-high-technology image. But we found that high technology was encountering much the same problem. Also, we found that because of the active job market, we were experiencing turnover of longer term employees in the grass is always greener syndrome.

Although this is a long preamble to my purpose for being here today, I wanted to establish a foundation for my viewpoint on the ET choices program, which is specifically designed for job readiness and training for welfare recipients. The voluntary aspects of ET choices have been well reported in the media versus the WIN or workfare concepts. I am neither an expert in these differences nor a politically motivated advocate or critic. My interest is in what it will do to satisfy our public consciousness and responsibility in a cost-effective manner allowing for human dignity in its administration.

In my view, all of these programs have different sets of rules, regulations, and criteria for measurement.

It seems so simple to me. Invest some money, get someone to work, get them off welfare, and help them to stay off welfare.

We claim great success for these training concepts and, yet, welfare costs on a constant basis continue to rise. Where do the problems lie?

In my experience, the first problem we encountered is day care. Welfare is a woman's problem. The great majority of people on welfare are women and, of course, the children associated with that group. This day care area presents a significant barrier for a woman on welfare to obtain and keep a job. A welfare mother without a day care voucher is unemployable for an entry-level position unless she is a remarkable woman. And there are at least 20,000 remarkable women in the State of Massachusetts who have been able to cope with this problem since ET choices was instituted.

Second, expectations are set too high. Our society provides equal access to what is available, but not necessarily equal access to the means to achieve it. Training of welfare persons should include a list of reasonable expectations and budgeting.

Third, provide incentives to convert to a working mentality from a recipient mentality.

Many of us have heard about welfare recipients who could not afford to work. Medical coverage, day care vouchers, and transportation assistance are difficult to abandon in the transition from public sector dependence to private-sector employment.

Before I came down here, I surveyed other companies in the Lowell area who had participated in welfare job training through ET choices. I also tried to limit the companies I surveyed to manufacturing companies rather than looking at service companies.

One company hired four people in the Lowell area and 20 people in Burlington, MA. Of the 24 people, 2 have left the program. Their comments were:

> The people we have hired are from the Asian population. The success rate is good because we offer on-site support programs such as ESL.

A second company hired 30 people, 15 of whom are still with the company. Their comments were:

> A great deal of time is spent screening these people. There is a tremendous need for these people to be trained in basics such as getting up in the morning to go to work every day, and hygiene.

A third company hired 30 women, 1 of whom has left.

> Success is due to continued support we give to a day care program. We don't have on-site day care, but they arrange it, support it, et cetera. Our success rate is good because welfare recipients believe that a bank is an "impressive" place to work.

A fourth company observed that:

> This group of people generally stayed employed if they had some previous work history. If they didn't, or had experience of jumping from job to job, they did not stay.

And, finally, Ideal Tape, where we hired several people.

> One woman worked second shift and was the sole supporter of three children. She was written up for excessive absenteeism due to child care problems. Another woman, the mother of one child, worked first shift. Both of these women quit after three months due to a lack of affordable child care.

Both of these women I also interviewed. And both were satisfied with our company as a place to work, but could not solve the day care problems.

After reviewing these experiences, listening to Massachusetts Governor Dukakis on the subject of ET, along with Commissioner Charles Atkins of the department of public welfare and our local director for the ET Choices Program, I have come to the conclusion that the concept of freedom of choice is one which really has a future. It allows a person to choose both the program and timing for their work readiness. This concept may gnaw at the bones of many businessmen who have jobs available that are unfilled. But if you ask them if they would force a person to take a promotion or a new job, they would all quote chapter and verse about the difficulties that might cause. And if you asked them about make work programs, the answer might be "Let's not start something where we are only creating a problem for the future. A person who chooses can be more committed, a more valuable asset for the future."

How can we make it work more effectively? I would like to suggest a businesslike approach.

The Federal and State governments should look upon money as an investment in job readiness and training. They should look upon it as seed money to get the program started.

No. 2, industry should be brought into the picture more completely. Not just with incentive payments, but also encouraging a spirit of voluntarism that has made America great. The business schools should teach courses in public involvement that can bring a greater focus on return on human dignity, not just return on investment. That is a personal sticking point of mine.

We bring people into the business sector but we do not teach them anything about their social responsibility.

No. 3, we should allow a greater flexibility in the administration of training programs, and also greater accountability. One of the difficulties that I as a businessman have in evaluating these programs is I can get statistics that will prove anything. And it is very difficult for me to decide what accountability has occurred, what results has occurred. Currently we allow placements to be a key measure of success, whereas longer term removal from public assistance need would seem to be more appropriate.

No. 4, reward success. In areas of low unemployment, do not remove funding, but reward success with increased effort to rid an area of endemic unemployables.

No. 5, collect maximum money from AFDC fathers. Invest in programs that place the responsibility and burden of support on individuals as much as possible.

No. 6, recognize success. Do not preserve the bureaucracy and the systems that we currently have but elevate those individuals who show creativity in solving local problems.

And, No. 7, have patience. Philosophical commitment to human dignity should not be a short-term investment.

In closing, I would like to thank the subcommittee for inviting me here today and giving me the opportunity to express my opinions.

Thank you.

Mr. PEASE. Thank you very much, Mr. Izzi.

Again I think this has been an outstanding panel, and we appreciate the perspective of people who had some hands-on experience of working with these problems.

Let me ask each of you, if you will, or whoever wishes to comment, on the tension between flexibility and accountability. Now, you mentioned that, Mr. Izzi, in your testimony.

One of the problems we have had over many, many years in the Federal-State partnership is that to the degree that the Federal Government provides funds and lets the States carry them out, we get uneven application in the law. Some States have, for example, very low AFDC payments, and others have a very high level. And we are always being told that the States, left to their own devices, will often not follow through very well.

To what extent should we give the States flexibility, and to what extent should we worry about holding them up to a certain standard of performance?

Mr. Izzi. In terms of job training funds, we are going to talk about that specific, it would seem that long-term removal from the public assistance rolls is a fairly easy statistic to monitor. If a person is on public assistance and they are off and they remain off, that seems to be a statistic that could be monitored.

I would think that the accountability needs to be established perhaps by the Federal Government. And it should be a rather simple system.

The thing that I see now is the system is complicated enough that although our State claims to have saved $165 million in welfare costs, I cannot see that money. I guess that is accounted for as opportunity money that we would have spent if we had not done these things.

Again, that is always a difficult measure for someone who is used to dealing with bottom line numbers every single day. And I am used to getting a report card every single day.

So I think the criteria of measurement needs to be rather simple and perhaps administered by the Federal Government. But flexibility in the use of those funds and creativity in the use of those funds I think should be passed down to the lowest level.

Mr. Wrentmore and I live 10 miles or work 10 miles apart from one another. And we both have been actively involved in the private industry councils in our area for several years. And yet when we get together to talk, we find that our problems are almost totally different. We have a large Asian population in Lowell, refugee population. We have very, very low unemployment. We have a very successful industrial base in Lowell. Lawrence also has a growing industrial base, larger Hispanic population, started later in the economic rebirth that has occurred in Lowell. So our problems are different.

And for us, 10 miles apart, to need flexibility, it would seem, you know, private industry councils and job training programs that are 3,000 miles apart—we heard Santa Clara mentioned—would certainly need some flexibility in their administration.

I also agree with other comments that have been made about the use of the private industry councils, more as oversight groups than as planning groups in the use of these funds.

But again if I was to summarize, I would say that some type of regulation or accountability established by the Federal Government, and then some flexibility in how we meet those goals allowed at a local level.

Mr. **Wrentmore**. I absolutely concur. Within Massachusetts we have 15 private industry councils, and Izzi, Clem, and I being 10 miles apart in our working relationship, have also talked to a PIC director who is from a rural area of Massachusetts with entirely different problems than either one of us have.

Mr. **Pease**. What happens if we give maximum flexibility to the States, and half the States set up no program at all for job training? Is that acceptable, do you think?

Mr. **Izzi**. Well, again, if the goals are set as to certain criteria for success or for achievement, it would seem to me that those States should be penalized. If those moneys are not spent, they do not achieve certain goals.

It would seem that the Congress should be mostly interested in what is the goal? Is the goal the reduction of long-term dependency? Is the goal to provide maximum support for people who are currently requiring assistance? If the Federal Government could decide what the goal should be, I think then the States certainly could work to achieve that goal.

Mr. **Wrentmore**. I cannot imagine that such a thing would happen, at least not for very long, because you are going to have successful programs within certain States. If those programs become successful, States that do not implement them, I think those administrations are in great difficulty, because that word is going to spread.

Mr. **Pease**. I gather that, Mr. Izzi, you suggest then some requirement that there be a performance standard but a lot of flexibility in how they go about achieving the goals, is that right?

Mr. **Izzi**. Yes, sir.

Mr. **Pease**. OK.

I think the programs that you described in both Massachusetts and Minnesota can be fairly described as innovative and experimental programs which at this point involve relatively small numbers of people. Is that fair enough?

Mr. **Landry**. Yes.

Mr. **Izzi**. In the State of Massachusetts, I think it has involved, you know, a greater number of people. I do not think it is just small numbers. We look to enroll great numbers of people in the program.

Mr. **Pease**. I guess what I am trying to get at is what percentage of the AFDC population in Massachusetts is currently involved in this program that you described?

Mr. **Izzi**. I do not believe I could answer that question. Perhaps Mr. Wrentworth could.

Mr. **Wrentmore**. No. I do not know for the State.

Mr. **Izzi**. We have our directors in employment in training who came down to Washington with us. Perhaps one of them would be able to answer that question.

Voice. We are involved 30 percent.

Mr. **Pease**. What I am trying to get at is the percentage of the total AFDC population that you could reasonably expect to involve in a program of this kind, which I think one of you mentioned requires high school graduation as a criterion.

Mr. **Landry**. In Minnesota, as I indicated, is basically experimental. So we work with a very small number of people.

Mr. **Pease**. So, anyhow, it is a voluntary program. Presumably you have a lot of women who have very small children. Day care may not be available and so on.

Is this a program that ultimately could apply to, say, as much as half of the AFDC recipients?

Mr. **Izzi**. I would say fewer than half. Because when a woman has a very small child, it is very difficult when she is the sole support and sole moral support of the family at that point, to try to move out into the work force. I think that would be really asking too much.

But certainly 30 to 40 percent, you know, should be able to participate in this type of program.

Mr. **Pease**. OK. Mr. Wrentmore, Mr. Izzi said he cannot find $170 million has been saved and is quoted in your testimony.

Are the expenditures of the State of Massachusetts for welfare down by $170 million this year over last year, or is this one of those things where it would have been $170 million higher than it is if it had not been for the program?

Mr. **Wrentmore**. I will not attempt to answer for the Commonwealth of Massachusetts. I am not sure what that figure includes.

Mr. **Pease**. Mr. Izzi, your suggestion is that the costs of the Commonwealth have not actually gone down by $170 million in absolute terms?

Mr. **Izzi**. I believe that is correct, Congressman.

I again want to speak to the Lowell area specifically because that is the area I am most familiar with. But because of the increase in the refugee population in Lowell, the actual welfare caseload has not gone down significantly. And that is partly because as the refugees come in under a refugee assistance program, they often swing into the welfare program at some point.

So, although we have very, very low unemployment in the city, and many employers looking for workers, the actual caseload has not gone down significantly.

So my supposition, or my extrapolation of that, in talking to some of the people in the State level was that this was really an opportunity savings rather than a real dollar to the bottom line savings.

Mr. **Pease**. What is the wage structure for these welfare recipients who get jobs in these programs? How much are they paid on an average?

Mr. **Wrentmore**. In the lower Merrimac Valley service delivery area, our average rate right now is $6.11 an hour.

Mr. **Izzi**. I believe it is very similar in our area, perhaps just slightly less than that.

Mr. **Pease**. Mr. Landry?

Mr. **Landry**. In Minnesota it is from $5 to $6 an hour.

Mr. **Pease**. So there is an opportunity to earn substantially more than someone could collect on welfare.

Mr. **Landry**. Yes.

Mr. **Pease**. Has the graduation out of Medicaid been a serious problem? I think you mentioned that in your testimony.

Mr. **Wrentmore**. In my opinion, yes. And that is from talking to many people about that particular problem. In our company they have a 30-day waiting period, which is relatively short, but it can be much longer than that. But a point to be made there is, I believe, a major factor there is how effective the training programs are that these people are going through. If they get really good training, they are going to have more opportunities to go to work for more companies that have better benefits, and the waiting period may not be as long for those companies. In my testimony I stressed that it needed to be tailored to specific problems, I believe, rather than trying to apply one formula.

Mr. **Pease**. Thank you very much. Mr. Frenzel, do you wish to inquire?

Mr. **Frenzel**. Thank you, Mr. Chairman. I would like to thank the panel for its testimony which I personally found very helpful. I would like to thank my neighbor from across the river, who labors in Mr. Vento's vineyards mostly, and who is employed by an area institution, for his testimony and for his good work on the program.

One of the things that interested me about your testimony is that you speak of the people who were in the program as being alert and well dressed and having a good atttitude, good grooming habits, and so on. Often we get testimony here about the need to give some training in work habits, and taking care of an awful lot of medical problems before you can get the person integrated into a normal working situation. Why is it different? Why are the people different where you are working?

Mr. **Landry**. I think that was basically because of the Supported Work Program. In visiting with the lady that works in my area, I asked some of the same questions, and she said that they had had approximately a 4- to 6-month period to prepare to enter the job market, that they had been basically instructed on what is important during an interview, now you should conduct yourself, even assisted in terms of providing the necessary to wear to an interview.

Mr. **Frenzel**. So you are seeing the after, not the before.

Mr. **Landry**. Yes.

Mr. **Frenzel**. And you suspect the before might have been the same as reported elsewhere.

Mr. **Landry**. That is very possible.

Mr. **Frenzel**. Your expenditure is what, around $7,000?

Mr. **Landry**. That is correct.

Mr. **Frenzel**. And it made that difference?

Mr. **Landry**. Yes.

Mr. **Frenzel**. Now, when you talk about an entry wage of $5 to $6, are you referring to your institution or to that wage which an SWP participant might normally expect to earn?

Mr. **Landry**. That is the wage in one of my departments.

Mr. **Frenzel**. OK. So that refers to the person you pick.

Mr. **Landry**. That is correct.

Mr. **Frenzel**. I suspect that some of the other opportunities may not be as attractive as that.

Mr. **Landry**. Yes.

Mr. **Frenzel**. Well, I thank again the panel very much. I think you have made an effective case for diversity. I yield the balance of my time.

Mr. **Pease**. Thank you, Mr. Frenzel. Let me ask one more question. If we are to make the opportunity for jobs, education, and training available to all welfare recipients and to say it is voluntary—you do it if you want to do it; otherwise you do not have to—do you have any notion at all as to what percentage would want to take advantage of it, would be motivated to want to work rather than to stay on welfare? It is just a guess, I know.

Mr. **Izzi**. I would stick with that 30 to 40 percent from some of that information passed on by the welfare department in Lowell.

Mr. **Wrentmore**. I could not even guess. All I know is that the people that I have talked to who have come through the program certainly want no part of the welfare program. Those are the only ones I have experience with. I have not talked to any of those that are still on welfare.

Mr. **Pease**. OK.

Mr. **Landry**. I would probably give the same comment. A person that I talked to, I asked the question, do you feel that more people on welfare would be interested, and she said that she thought that quite a few more would be, provided they had the kind of training and the assistance that was given to the group that she worked with.

Mr. **Pease**. OK. Well, thank you, gentlemen. We appreciate your coming today.

Mr. **Frenzel**. May I ask a question before they leave?

Mr. **Pease**. Sure.

Mr. **Frenzel**. You raised the issue of day care which caused some employees whom you like and who like you to leave your employ. The Federal Government has considered on a number of occasions trying to provide nationwide day care, but the costs became mind boggling and we vacated it except in isolated instances. The testimony that we have received before indicated that the bulk of day care in America is provided either in home, in family, or within a block from home, and the kind of people you are talking about do not have it available that close.

Mr. **Izzi**. I think what happens in the two cases I referred to, Congressman, is that these women did arrange for day care with relatives or with friends that were local or were close to them in their neighborhoods. But what occurred is after they began working and they were working full time for 3 months, the people who they had arranged it with got a little sick of it. I mean, they were willing to do it in a transitional way, but then once it became a permanent thing, it started to become a problem. They were being asked to change the children from one location to another.

One of the comments I would like to make in that regard is Lowell is very fortunate to have a regional job training center which is going to be opening, in fact, in the next month, and one of the things we are looking at as our private industry council is some type of transitional day care, because the other problem that occurs is a woman goes into training to learn a job skill or to get her GED or to get her ESL training or whatever, and she perhaps can arrange, because she has a day care voucher now can arrange for some type of day care during that training period. When that training period ends, very often she has to switch day care or get in line to be eligible for another subsidized day care or a lower cost day care. Day care is very expensive.

One of the concepts we are going to try to assess in Lowell is the possibility of having day care which has continunity to it. A person can come for training, enter the child in some type of day care program, and then receive some support, whether it be from private industry, which we would prefer, companies which may subsidize certain amounts of money to provide some help in day care, but at least the child would not have to be bumped around from place to place, but would have some continunity.

And in the experiences at least that I was involved in personally at our company, that was the problem. The problem was they were set up with family day care, but it became too much for the people who had taken these children on and after about 3 months they just really did not want to do it anymore.

Mr. **Frenzel**. Thank you for that statement. You answered my next question, which was: Is not the provision of day care more likely to be solved on a satisfactory basis at a purely local level? The situation may be different 10 miles away in two different instances. I think your suggestion is an interesting one. I am grateful to you for raising the question. Again, I yield.

Mr. **Pease**. Thank you very much. Thank you gentlemen. Our next panel consists of Mary Logan, assistant director, Department of Occupational Safety, Health, and Social Security, AFL-CIO; and Nanine Meiklejohn, assistant director of legislation, American Federation of State, County, and Municipal Employees.

We would like to welcome you both to the table today. We will hear first from Mary Logan.

STATEMENT OF MARY LOGAN, ASSISTANT DIRECTOR, DEPARTMENT OF OCCUPATIONAL SAFETY, HEALTH, AND SOCIAL SECURITY, AFL-CIO

Ms. **Logan**. Thank you, Mr. Chairman, for giving us this opportunity to express our views on welfare related work programs.

For over a decade the AFL-CIO has supported reforming the Nation's welfare system in order to: one, provide education, training, and placement in decent jobs for those recipients who can work outside the home; two, provide assistance to the working poor, who, although working full time are unable to earn enough to keep their families out of poverty; and three, provide those who are unable to take paying jobs the level of assistance sufficient to keep them out of poverty.

We are pleased to see the long overdue attention now being given by a number of States to the job and training needs of welfare recipients and hope that these efforts will be followed up by subsequent actions to assist the working poor who were cut off the rolls in 1981 and also bring payments to a decent level for those who must rely solely on welfare.

Before commenting on work and training programs for welfare recipients, I think it is useful to point out the broader job picture. There are currently 8.6 million unemployed workers of whom only 26.6 percent are receiving any unemployment insurance benefits. Add to that the 1.1 million unemployed who have given up looking for work and no longer show up in the official count and the 5.9 million who are working part time only because they cannot find full-time jobs, and you have a total of 15.6 million workers seeking jobs. It is important to keep in mind that newly trained, inexperienced welfare recipients will be competing with over 15 million experienced workers for limited jobs.

WELFARE/WORK PROGRAMS

The AFL-CIO strongly supports the direction of a number of States such as Massachusetts are taking in providing the skills and support services welfare recipients require to become self-supporting. Career counseling and assessment, if given in a positive and professional way by trained counselors is essential and should be available to participants for as long as needed.

The emphasis on education is crucial. It is encouraging to see commitments being made in some States to provide not only high school education and remedial literacy instruction, but community college education as well. More than half of all welfare recipients do not have a high school education and 14 percent of all births in this country are to teenagers, half of whom do not finish high school. We feel the need in this area is of a magnitude to warrant enactment of legislation such as H.R. 880, which has been included in the Economic Equity Act. This legislation would allow a participant to receive a high school diploma, receive assistance in developing a career plan, and take advantage of postsecondary or vocational training.

We support the development of training programs for those who need to learn a marketable skill and where job opportunities are available at the completion of the training. Job search assistance and placement services should be provided along with the active involvement of the employment service in working with the private sector to identify available jobs.

ADMINISTRATION AND STATE FLEXIBILITY

A number of States have demonstrated innovative abilities in fashioning their administrative arrangements, choosing the most effective and efficient service providers, and deciding on the target recipient group. Maryland, for example, will be encouraging teenage mothers to return to school while providing care for their infants in order to enhance employability, instructing in parenting, and deter continued teen births. Massachusetts, South Carolina, and other States have developed what appear to be very good cooperative working relationships between their welfare, employment, education, and business communities. Any new Federal initiative should allow the States to continue to have this flexibility while assuring that they meet the goal of preparing the poor for jobs that pay decent wages and benefits, provide children with good child care, and assure fair treatment to the participants in the process.

MANDATORY VERSUS VOLUNTARY

We have seen no evidence presented to substantiate the need to make these programs mandatory. A mandatory program requires costly bureaucratic involvement and results in frequently unjust sanctions. Even in the rare instance where someone turns down a good job without apparent justification, sanctions cannot be levied without making the children suffer.

When I asked the welfare director of a large and populous State why he felt it was necessary to make his program mandatory when there were far more people volunteering than there will ever be enough jobs for, he replied simply, "politics." If the tendency of some to penalize the poor for their poverty is allowed to govern the way these programs are designed, we feel the programs will fail.

The State administrators who have come before your subcommittee say they want to retain their flexibility so they can make choices most suitable for their particular jurisdiction. Certainly the participants should also be allowed some flexibility in making major choices affecting their lives as well as their childrens'.

The Massachusetts Program appears to be a model in fairness allowing, as it should, a range of choices in job preparation and placement options to be made by the participants and the results speak for themselves.

WORKFARE

The AFL-CIO opposes requiring the parents of poor children to take jobs that pay no wages in return for their welfare benefits. Forcing people into so-called workfare does not make them wage earners or help them get off welfare. It will neither relieve the American public from supporting them or increase their self-esteem or employability. The way we value work in our society is through wages.

Workfare seriously jeopardizes jobs of regular workers. It is undeniably attractive for any employer to hire workers to whom no wages have to be paid and to let go and not replace their regular workers. In those States which have workfare programs, statutory language prohibiting displacement has been extremely difficult to enact and even more difficult to enforce. On close examination, I think you will find that most benefits from a workfare program are illusory. They serve mainly to satisfy the punitive attitude toward the poor held by some, and to effectively drain the resources needed for more realistic and effective programs.

The AFL-CIO supports voluntary job programs which provide participants with helpful counseling, a wide range of educational programs, training for existing jobs, assistance with placement, and a full range of support services. If adequate resources are directed toward making these programs work, there will be no need for costly punitive, nonproductive schemes such as workfare.

CHILD CARE

The most important element of any job and training program for welfare mothers is child care. The availability, quality, and affordability of care for the children of AFDC mothers has been given scant attention either by the administration or many of the States.

AFDC was enacted to provide care for poor children with the parent being the caretaker. Efforts to now remove the caretaker from the home must, at the very least, be matched by efforts to provide the best possible care for their children.

Although it is very encouraging to see California committing substantial financial resources to child care and Massachusetts providing care for up to a year after the parent finds employment, the picture is not good in other areas. In New York City, for example, welfare mothers are given 3 weeks to find care for their children. If they are unsuccessful, they are placed on a workfare assignment from 9:30 to 1:30 and required to continue looking for child care. This seems to us to be an unrealistic and harsh requirement when there are currently 24 million children nationwide under the age of 13 who need care and only 6 million spaces available in licensed centers or homes. The availability of decent care is a national problem of crisis proportion, and at the very least some guidance and assistance should be given to those being required to find it.

The cost of child care has not been seriously addressed. The Federal Government has capped the allowance for full day care at $160 a month or under $2,000 a year. We realize there are significant variations in the cost of care based on geography, age of child, and type of care, ranging anywhere from $1,500 to $10,000 a year. However, the majority of parents nationwide have to pay about $3,000 a year per child, over $1,000 a year more than is available to AFDC recipients.

The Federal Government must begin to address the critical need in this country for quality and affordable child care. No matter how good the training programs or how successful the job search, these programs will not work if good care cannot be found for the children or if the mother has to quit her job because she cannot afford the high cost of care.

HEALTH CARE

Access to health insurance must be an integral part of any welfare work program. The cost of medical care for one serously ill child could easily be enough to force the mother with no insurance back onto welfare in order to care for her child. Every effort should be made to place participants in jobs where health insurance is provided. When that is not possible, Medicaid coverage should continue until the employment is stable and the wages sufficient to enable the worker to purchase insurance independently.

CHILD SUPPORT

Consideration of means by which welfare families can achieve financial independence should include examination of the widespread problem of fathers refusing to contribute to the support of their children. By 1990 25 percent of all children in the country will be living with a single parent, who in most cases will be the mother. A large number of these children will end up on AFDC.

The enforcement of court ordered child support payments has been outrageously inadequate, both for nonpoor an[illegible]FDC children. The Child Support Enforcement Act was enacted to address this problem and has provided assistance to States for the development of automatic enforcement systems. These systems have begun to show results and should be strengthened. This is not the time to reduce Federal support to these systems as the administration has requested.

CONCLUSION

In conclusion, Mr. Chairman, the AFL-CIO urges the Congress to enact legislation which will provide adequate Federal funding for a range of counseling, education, training, and placement programs along with child care and other necessary support services.

Emphasis should be placed first on developing the capabilities of local welfare, employment, and educational systems to cooperatively provide the kind of opportunities from which the poor can derive the skills necessary for independence.

The AFL-CIO stands ready to cooperate with the subcommittee in developing such a comprehensive program aimed at providing a decent level of living and self-sufficiency for AFDC recipients and their families.

Mr. **Pease**. Thank you very much, Ms. Logan. We are grateful for your testimony. Now, Ms. Meiklejohn.

STATEMENT OF NANINE MEIKLEJOHN, ASSISTANT DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO

Ms. **Meiklejohn**. Thank you, Mr. Chairman. My name is Nanine Meiklejohn and I am assistant director of legislation at the American Federation of State, County and Municipal Employees. With me is Al Russo, who is our coordinator of social services.

We appreciate the opportunity to represent the 1.1 million members of our union at this hearing on work and welfare, and we would ask that our full statement be submitted for the record.

Mr. **Pease**. It will be.

Ms. **Meiklejohn**. AFSCME members work in every kind of State and local government job there is. Many help run America's welfare system. Thousands more staff the employment services offices. Many others are only one step beyond poverty themselves, having left the welfare rolls during the great expansion of State and local government employment between 1965 and 1975.

AFSCME's commitment to Federal employment and training assistance for the unemployed is a longstanding one. We have been strong supporters of CETA, WIN, and title XX. Our local leadership has been heavily involved in the State welfare to work experiments launched under the WINdemos.

I want to emphasize, however, our belief that the causes of poverty and welfare dependency are complex and that the solutions cannot be simple quick fixes. Even a broad array of work requirements, training, and education focuses on only one aspect of poverty, the behavior and skills of the individual. We also should recognize the roles played by recession, technological change, trade policies, lagging wages, discrimination, and the rapid growth of female-headed families. These factors will necessarily determine the degree of success of any work opportunity program.

A job, for example, does not necessarily guarantee an escape from poverty. Today a minimum wage job provides a family of three only 73 percent of the poverty level and a family of four only

61 percent. Women, the majority of adults on AFDC, overall make only 64 percent as much as their male counterparts and only 42 percent of them earn enough to pull their families above the poverty line. These are hardly encouraging statistics.

AFSCME has mixed feelings about the present interest in work and welfare. We are very pleased to see a renewed interest in this old problem, but stronger work requirements without money unfairly places all the responsibility on the individual. If the Government is going to impose obligations, we feel the Government ought to be prepared to help, and it is not going to be cheap or easy to do the job right.

Stronger work requirements without adequate program funds could lead to a heavy emphasis on the lower cost approaches of job search and workfare, which may not achieve much and could do real harm.

Much of what you have heard about workfare makes it seem somewhat benign, though not overwhelmingly effective. The MDRC's report, for example, concludes that it is not as bad as opponents claim nor so good as proponents assert.

We disagree. MDRC treats rather casually the fact that workfare participants in San Diego said they would prefer a paid job. In addition, the study does not even look into the very important question of substitution.

That is not entirely surprising. Substitution is very hard to quantify or prove. AFSCME should know because we have grappled with the problem under CETA and general assistance for years. A recent court ruling involving workfare assignments in Lackawanna, NY, shows how incredibly slippery the substitution question is.

In that case the judge ruled that no substitution had occurred even though several laid off sanitation workers on welfare were assigned to work off their benefits doing the very job they did before they were laid off. According to the judge, the loss of revenue resulting from a plant closing proved that the town had not intentionally engaged in substitution, and intent is what we are usually forced to prove.

We strongly believe, however, that especially where a sizable program exists for a sustained period, you will get a substitution effect in which unpaid workfare participants displace regular employees. The result is a policy that endorses and encourages the creation of a subclass of employee, the further erosion of decent, paying jobs, and a dimunition in the quality of public services from the cycling of people in and out of public work.

In this regard it is important to remember that AFDC is not the only program under which workfare can be created. AFSCME has just completed a nationwide survey of the status of workfare which we would like to submit for the record. It is attached to our testimony. Its major findings indicate that 28 States have an AFDC workfare component; 8 States have a food stamp workfare requirement. And 19 have general relief Workfare Programs. So today AFDC workfare does not occur in a vacuum, and at the local level the effect is cumulative. We estimate that there are about between 200,000 and 250,000 people presently in workfare assignments nationally.

New York City demonstrates what can happen when a workfare program of significant size operates over an extended period of time. The city has had general relief recipients in workfare assignments under its public works project for a good 10 years. In 1984, there were between 10,000 and 13,000 of them. They made up around 5 percent of the city work force; over half of them were in two PWP titles, clerical aide and custodial aide.

The city is clearly using large numbers of PWP workers in low or unskilled entry-level functions instead of hiring civil servants who would earn almost twice as much. Some job categories are striking in this regard. For example, in 1976, 400 civil servants worked as homemakers. In September 1984 there were 855 PWP homemaking aides, the equivalent PWP title, and no civil servants.

At the same time the city had a budget surplus of about $500 million and was building its work force back up to prefiscal crisis levels but with the largest hiring increases going for uniformed services, teachers, and clericals in social services. Certainly, at the very least, we can strongly suspect the city of using PWP for low skilled work so that it can use city revenue to pay for a different class of jobs.

The New York City experience graphically demonstrates how workfare produces a subclass of public-sector workers with absolutely no protections. I would also like to submit for the record a comparison of civil service and PWP titles with their respective rates of pay. These people not only get paid less, they get no benefits, and have no grievance procedures. When our New York affiliate, district council 37, sought to represent the PWP workers, it was told it could not because they were not employees, even though they were performing regular entry-level work.

A workfare participant is a little like someone who does not have a birth certificate. Everyone knows you are alive but legally you are not. Everyone knows the workfare participant is an employee, but legal he is not.

This pattern of exploitation is not limited to the public sector either. Just last month the U.S. Supreme Court upheld a ruling by the U.S. Seventh Circuit Court of Appeals that workfare participants doing private sector work in Milwaukee County have been denied the fair and full value of their work by not getting prevailing wages, as required under the law under which they were working off their benefits.

According to one of the advocates who worked on the case, Milwaukee County had been cycling 2,000 general assistance recipients through four sheltered workshops for the handicapped in a year's time. In one particular case, the E.R. Wagner Co., which was making parts for Whirlpool, had laid off 26 steelworkers and moved the machines over to the Goodwill office where the work was done by people working off a welfare grant at the minimum wage.

Frankly, we see little difference between the Government encouraging this exploitative policy and its inability to develop a reasonable trade policy to prevent low overseas wages from destroying U.S. jobs.

Workfare proponents seem fond these days of saying that it provides useful public services and enhances the dignity of the participant. How ironic that sounds to those of us who defended CETA against charges of make work, dead-end jobs. The fact is that in New York, San Diego, and West Virginia many of the workfare slots used to be CETA slots. Perversely, it seems, when a job pays equal pay and benefits it is make work, but when it does not it is valuable. That makes no sense to us. If a job is worth doing, the people doing it deserve equal treatment.

As for the much touted value of workfare as a way to provide training or experience and to save money by facilitating the transition off welfare, at best the evidence is limited. Indeed, workfare can even be counterproductive in that regard. A 1985 study by the New York Civil Service Employees Association of the PWP Program found actual cases of supervisors trying to block participants' efforts to find jobs. The supervisors wanted to keep these valuable workers who were free. Clearly, the Lackawanna sanitation workers were not getting training or experience by doing their old jobs as workfare assignments.

If the case for or against workfare really hinges on the view that we must change values and the perceived fairness of the welfare system—in other words, that is is desirable for recipients to do something in return for Government assistance—AFSCME believes there are much better ways to go.

Given the likelihood that resources are going to be hard to come by, we would first urge you to withdraw Federal financial support for workfare projects. If you want to underwrite public sector work activities, then guarantee equal pay, benefits, and job rights. Build in tough antisubstitution protections and strong monitoring mechanisms.

Second, avoid stretching resources too thin by mandating a universal, statewide work and training program. It is better to start small, do the job well, and build on success than to try to do a lot and not do it very well.

Third, do not mandate participation requirements. Serve volunteers instead.

Fourth, build on individualized assessments. Like everyone else, AFDC recipients have different skills and interests. They should be involved in the development of their employability plans to ensure that they are committed to making it work. Trying to impose a single solution or a very limited set of options is likely to result in inappropriate services and to squander public funds.

Fifth, give the States a wide variety of choices, including job search, remedial, vocational, and higher education, job training, and various forms of wage subsidies at equal pay and benefits.

Sixth, support services are a must. Child care is especially critical, as you have heard, for working parents. Transitional medical care of up to 1 year after leaving welfare is also important to assure adequate health care and maintain the incentive to work.

Seventh, allow the States to choose which State agency should administer employment and training services for welfare recipients.

H.R. 4986, just introduced last week by Congressman Gus Hawkins, incorporates many of these principles and we urge you to give it careful consideration.

Finally, we want to encourage you not to burden a new program with unrealistic expectations. Especially if you opt for a strategy of making intensive investments, you are not likely to see dramatic, short-term results. In addition, it would be self-defeating politically to present a work and training program as the answer to reducing welfare dependency and poverty when we also need to raise lagging wages by increasing the minimum wage, reduce wage discrimination against women through pay equity initiatives, modify Federal policies that discourage family stability, and undertake more general economic policies to stimulate employment opportunities. Thank you.

[The prepared statement follows:]

SUMMARY OF TESTIMONY OF

NANINE MEIKLEJOHN,
ASSISTANT DIRECTOR OF LEGISLATION

THE AMERICAN FEDERATION OF STATE, COUNTY
AND MUNICIPAL EMPLOYEES

ON

WORK AND TRAINING OPPORTUNITIES FOR WELFARE RECIPIENTS

June 17, 1986

Stronger work requirements without adequate resources will unfairly place all of the responsibility on the individual. Additionally, they are likely to result in the low cost approaches of job search and workfare. The first has limited value for people needing remedial education or training and who live in high unemployment areas.

The second approach, workfare, results in a policy that encourages the creation of a subclass of employee, the further erosion of decent paying jobs through the displacement of regular civil servants, and a dimunition in the quality of public services from the cycling of people in and out of public work. This is especially true when there is a sizeable program operating over an extended period of time.

AFSCME recommends the following:

1) withdraw federal support for workfare;

2) avoid stretching resources too thin by mandating a universal statewide program;

3) serve volunteers;

4) build on individual assessments;

5) give states a variety of choices including job search, remedial, vocational and higher education, job training, and wage subsidies with equal pay benefits, and job rights, plus strong displacement prohibitions;

6) provide adequate support services;

7) give states flexibility in selecting the administering agency.

Finally, it's important to recognize that work, training and education address only one part of the challenge of reducing welfare dependency and poverty. We also must raise lagging wages by increasing the minimum wage, reduce wage discrimination against women, remove federal policies that discourage family stability and promote economic policies that create additional employment opportunities.

My name is Nanine Meiklejohn, and I am Assistant Legislative Director at the American Federation of State, County and Municipal Employees. I appreciate the opportunity to represent the 1.1 million members of my union at this hearing on work and welfare.

AFSCME members work in every kind of state and local government job there is. Many help run America's welfare system. They are on the frontline every day coping with complicated rules, heavy caseloads, and the personal despair of poverty. Thousands more staff the employment service offices which have played an important role in the WIN program. Many others are only one step beyond poverty themselves, having left the welfare roles during the great expansion of state and local government employment from 1965-1975.

AFSCME's commitment to federal employment and training assistance for the unemployed is a longstanding one. It is shaped by the fact that we represent providers of these services and workers who are directly affected by work programs in the public sector -- a feature of many employment and training programs. We supported CETA while seeking to protect the job security and rights of public employees. We were instrumental in restoring WIN funds in 1982. We worked hard to see that the 1983 jobs stimulus legislation authorized a $200 million Title XX increase to restore some day care services for working parents that were lost in 1981. Our local leadership has been heavily involved in the state welfare-to-work experiments launched under the WIN demonstrations.

I want to emphasize, however, our belief that the causes of poverty and welfare dependency are complex and that the solutions cannot be simple quick fixes. Even a broad array of work requirements, training, and education focuses on only one aspect of poverty -- the behavior and skills of the individual. We also should recognize the roles played by recession, technological change, trade policies, lagging wages, discrimination, and the rapid growth in female-headed families. These factors will necessarily determine the degree of success of any work opportunity program.

A job, for example, does not necessarily guarantee an escape from poverty. Today, a minimum wage job provides a family of three only 73 percent of the poverty level and a family of four only 61 percent. Women -- the majority of adults on AFDC -- overall make only 64 percent as much as their male counterparts, and only 42 percent of them earn enough to pull their families above the poverty line. These are hardly encouraging statistics.

Well, some might say, let's just reverse the trend toward female- headed families. Obviously, that's easier said than done, especially since it's a nationwide phenomenon affecting all classes of people. Besides, this view ignores the need to erase the wage discrimination faced by women and the desirability that they have the same economic opportunities as men. The feminization of poverty has greatly increased the urgency of addressing these issues.

This is not to say that we shouldn't do anything we can to encourage families to stay together and to discourage out-of-wedlock births. Indeed, your legislation, Mr. Chairman, to establish a teen pregnancy block grant and mandate two-parent coverage under AFDC were important initiatives in this regard. But, as we all know, they fell victim to President Reagan's adamant opposition to new domestic spending.

It's precisely that reluctance to spend money that causes us to have mixed feelings about the present interest in work and welfare. On the one hand, we're very pleased to see a renewed interest in this old problem. But stronger work requirements without money unfairly places all the responsibility on the individual. If the government is going to impose obligations, we feel the government ought to be prepared to help. And it's not going to be cheap or easy to do the job right. In California, for example, only eight counties have submitted applications to the state since the GAIN program went on the books last fall. They've requested a total of $58 million and none of them are large jurisdictions.

Stronger work requirements without adequate program funds could lead to a heavy emphasis on the lower cost approaches of job search and workfare which may not achieve much and could do real harm. The first has limited value for people who need remedial education or training and who live in high unemployment areas. The second has no redeeming virtues adequate to compensate for the damage it can do.

Much of what you've heard about workfare makes it seem somewhat benign though not overwhelmingly effective. The Manpower Development Research Corporation's report, for example, concludes that it's not as bad as opponents claim nor so good as proponents assert.

We disagree with that judgement. MDRC treats rather casually the fact that workfare participants in San Diego said they'd prefer a paid job. In addition, it doesn't even look into the very important question of substitution.

There's one understandable reason for the lack of analysis on substitution. It's very hard to quantify or prove. AFSCME should know, because we have grappled with the problem under CETA and general assistance for years. The union has never won in court, although we have had some favorable arbitration awards, most recently in connection with Pennsylvania's workfare assignments.

A recent court ruling involving workfare assignments in Lackawanna, New York, however, shows how incredibly slippery the substitution question is. In that case, the judge ruled that no substitution had occurred even though several laid off sanitation workers on welfare were assigned to work off their benefits by doing their old jobs. According to the judge, the loss of revenue resulting from a plant closing proved that the town had not intentionally engaged in substitution.

We strongly believe, however, that especially where a sizeable program exists for a sustained period, you will get a substitution effect in which unpaid workfare participants displace regular employees. The result is a policy that endorses and encourages the creation of a subclass of employee, the further erosion of decent paying jobs, and a diminution in the quality of public services from the cycling of people in and out of public work.

In this regard it's important to remember that AFDC is not the only program under which workfare can be created. State general assistance and food stamp programs also make workfare assignments. AFSCME has just completed a nationwide survey of the status of workfare which we would like to submit for the record. Its major findings indicate that 28 states have an AFDC workfare component; 8 states have a food stamp workfare requirement, and 19 states have general relief workfare programs. So today AFDC workfare does not occur in a vacuum, and at the local level the effect is cumulative.

New York City demonstrates what can happen when a workfare program of significant size operates over an extended period of time. The city has had general assistance recipients in workfare assignments under its Public Works Project (PWP) for a good 10 years. In 1984, there were between 10,000 and 13,000 of them.

They made up around five percent of the city workforce. Over half were in two PWP titles: Clerical Aide and Custodial Aide.

The city is clearly using large numbers of PWP workers in low or unskilled entry-level functions instead of hiring civil servants, who would earn almost twice as much. Some job categories are striking in this regard. For example, in 1976 around 3,000 civil servants and CETA workers were in the civil service title Custodial Assistant. In September 1984, there were only 1,700 civil servants, but there were 3,742 PWP custodial aides. In 1976, 400 civil servants worked as homemakers. In September 1984, there were 855 PWP homemaking aides, the equivalent PWP title, and no civil servants.

At the same time, the city had a budget surplus of about $500 million. Indeed, its surplus has been running in that neighborhood for the past three to four years. In addition, New York has gradually built its workforce back up to pre-fiscal crisis levels, with the largest hiring increases going for uniformed services, teachers and clericals in social services. Certainly, at the very least, we can strongly suspect the city of using PWP for low-skilled work so that it can use city revenue to pay for a different class of jobs.

Even if one were to concede that substitution was not occuring, which we certainly would not, the New York City experience graphically demonstrates how workfare produces a subclass of public sector workers with absolutely no protections. I would like to submit a comparison of civil service and PWP titles with their respective rates of pay. The PWP rates equal the minimum rate for the equivalent civil service title, and 1975 have never increased. These people not only get paid less, they get no benefits and have no grievance procedures.

The experience of our New York affiliate, District Council 37, in seeking to represent these PWP workers was almost surreal. DC 37 was told it could not represent PWP workers because they were not employees -- even though they were performing regular entry-level work.

A workfare participant is a little like someone who doesn't have a birth certificate. Everyone knows you're alive, but legally you're not. Everyone knows the workfare participant is an employee, but legally he's not.

This pattern of exploitation is not limited to the public sector either. Just last month, the U.S. Supreme Court upheld a ruling by the U.S. Seventh Circuit Court of Appeals, that workfare participants doing private sector work in Milwaukee County had been denied the fair and full value of their work by not getting prevailing wages. While not directly at issue in the court case itself, the question of substitution was assumed by the plaintiffs.

According to one of the advocates who worked on the case, Milwaukee County had been cycling around 2,000 general assistance recipients through four sheltered workshops for the handicapped in a year's time. As many as 500 private companies got work performed at the minimum wage through this arrangement. In one particular case, the E.R. Wagner Company, which was making parts for Whirlpool, had laid off 26 steelworkers and moved machines over to the Goodwill office where the work was done by people working off a welfare grant at the minimum wage.

Frankly, we see little difference between the government encouraging this exploitive policy and its inability to develop a reasonable trade policy to prevent low overseas wages from destroying U.S. jobs.

Workfare proponents seem fond these days of saying that it provides useful public services and enhances the dignity of the participant. How ironic that sounds to those of us who defended CETA against charges of make-work, dead-end jobs. The fact is that in New York, San Diego, and West Virginia, many of the workfare slots used to be CETA slots. Perversely, it seems, when a job pays equal pay and benefits, it's make-work, but when it doesn't, it's valuable. That makes no sense. If a job is worth doing, the people doing it deserve equal treatment.

As for the much-touted value of workfare as a way to provide training or experience and to save money by facilitating the transition off welfare, at best the evidence is limited. Indeed, workfare can even be counterproductive in that regard. A 1985 study by the New York Civil Service Employees Association of the PWP program found actual cases of supervisors trying to block participants' efforts to find jobs. The supervisors wanted to keep these valuable workers who were "free." Clearly, those Lackawanna sanitation workers weren't getting training or experience by doing their old jobs as workfare assignments.

Similarly, the MDRC San Diego study found that the work assignments didn't contribute much to skill development and that program savings from movement off welfare are likely to be limited. Indeed, MDRC found only a one percent net impact for departures from welfare. Studies of programs in other states such as Connecticut, Minnesota and Florida also have concluded that workfare is not cost effective.

The 5.6 percent employment gain for the San Diego recipients, while characterized by MDRC as significant, hardly compensates for workfare's potential for displacement by unpaid workers. Additionally, previous studies have concluded that work experience, which workfare resembles, had less employment impact than public service employment or programs with intensive training and education components.

If the case for or against workfare really hinges on the view that we must change values and the perceived fairness of the welfare system -- in other words, that it's desirable for recipients to do something in return for government assistance -- AFSCME believes there are much better ways to go.

Given the likelihood that resources are going to be hard to come by, we would first urge you to withdraw federal financial support for workfare projects. At a time of very scarce resources, the federal government should not be investing in an activity which offers very marginal benefits and which is so inequitable. If you want to underwrite public sector work activities, then guarantee equal pay, benefits and job rights, build in tough anti-substitution protections, and strong monitoring mechanisms.

Second, avoid stretching resources too thin by mandating a universal statewide work and training program. It's better to start small, do the job well, and build on success than to try to do a lot and not do it very well.

Third, don't mandate participation requirements. Serve volunteers, instead. One important lesson from the Massachusetts program is that starting small and serving motivated volunteers is likely to yield success stories that will attract even more volunteers and build public support. If funds are limited, it's common sense to serve those that want help first.

Fourth, build on individualized assessments. Like everyone else, AFDC recipients have different skills and interests. They should be involved in the development of their employability plans to ensure that they are committed to making it work. Trying to impose a single solution or a very limited set of options is likely to result in inappropriate services and to squander public funds.

Fifth, don't put the states in a straightjacket. Give them a wide variety of choices including job search, remedial, vocational and higher education, job training, and various forms of wage subsidies at equal pay and benefits. Stress the need to make use of existing federal and state programs. Even with the budget cuts, resources are available. We should go after them more aggressively.

Sixth, support services are a must. Child care is especially critical for working parents. Transitional medical care of up to a year, after leaving welfare, also is important to assure adequate health care and maintain the incentive to work.

Seventh, allow the states to choose which state agency should administer employment and training services for welfare recipients. Minnesota, for example, recently combined them with several other training activities including JTPA and the Employment Service so as to remove the welfare stigma. What makes sense politically and bureaucratically in one state might not work in another state.

H.R. 4986, just introduced last week by Congressman Gus Hawkins incorporates many of these principles. We urge you to give it careful consideration.

Finally, we want to encourage you not to burden a new program with unrealistic expectations. The research coming in suggests that dramatic reductions in welfare rolls and in welfare costs are unlikely. Especially if you opt for the strategy of making intensive investments, you're not likely to see dramatic short-term results. In addition, it would be self-defeating politically to present this program as the answer to reducing welfare dependency and poverty when we also need to raise lagging wages by increasing the minimum wage, reduce wage discrimination against women through pay equity initiatives, modify federal policies that discourage family stability, and undertake more general economic policies to stimulate employment opportunites.

ATTACHMENT 1

Status Report—Workfare Program States
May, 1986

Workfare Targeted at Recipients of:

State	General Assistance (GA)	AFDC	Food Stamps**	Coverage—Comments
Alabama	No GA Program	Yes		Optional to counties; operating in 3 counties.
Arizona	No	No		WIN Demonstration Project—does not include workfare component. Workfare under consideration. Operating in 2 counties.
Arkansas	No GA Program	Yes*	Yes	WIN Demonstration Project operating in 22 counties.
California	Yes	Yes*		General assistance workfare limited to San Diego County. New AFDC program (GAIN) has workfare component.
Colorado	No	Yes		Operating in 25 counties.
Connecticut	Yes	No		GA workfare mandatory statewide. New AFDC program excludes workfare.
Delaware	No	Yes*		AFDC workfare is mandatory for certain categories of recipients.
District of Columbia	No	No		Workfare legislation for GA and AFDC recipients before City Council.
Florida	No GA Program	No	Yes	Mandatory, statewide AFDC and FS workfare bill has been introduced in state legislature.
Georgia	No	Yes*		WIN Demonstration Project operating in 7 counties.
Hawaii	Yes	No		GA workfare mandatory statewide.
Idaho	No GA Program	Yes		Mandatory AFDC workfare statewide.
Illinois	Yes	Yes*	Yes	New program has mandatory, statewide workfare component for GA and AFDC.
Indiana	Yes	No		GA workfare optional to counties.
Iowa	Yes	Yes*		GA workfare optional to counties. Mandatory AFDC workfare for unemployed parents operating in 49 counties.
Kansas	Yes	Yes		GA workfare mandatory statewide. AFDC workfare operating in 19 counties.
Maine	Yes	No		GA workfare mandatory statewide.
Maryland	Yes	No		GA workfare operating in three counties.
Michigan	Yes	Yes*		Statewide GA and AFDC workfare.
Minnesota	No	Yes		AFDC workfare operating in 8 counties.
Montana	Yes	No		GA workfare operating in 20 counties.
Nebraska	No GA Program	Yes*		AFDC workfare limited to Unemployed Parent cases.
New Hampshire	Yes	No		GA workfare optional to counties.
New Jersey	Yes	No		GA workfare mandatory statewide.

ATTACHMENT 1 (cont'd)

State	**General Assistance** (GA)	**AFDC**	**Food Stamps****	**Coverage—Comments**
New Mexico	No	Yes		AFDC workfare limited to a few counties.
New York	Yes	Yes*		GA workfare (Public Work Project) authorized statewide. New AFDC program may include workfare component.
North Carolina	No GA Program	Yes	Yes	Mandatory AFDC workfare program operational in 12 counties.
North Dakota	No	Yes		Mandatory AFDC workfare program operational in 11 counties.
Ohio	Yes	Yes		Mandatory AFDC workfare program in eight counties.
Oklahoma	No	Yes*		AFDC mandatory workfare component in WIN Demo. operating statewide.
Pennsylvania	Yes	Yes*		Mandatory GA and AFDC workfare component in WIN Demo. are statewide.
Rhode Island	Yes	No		GA statewide workfare program.
South Carolina	No	Yes	Yes	AFDC mandatory workfare program operating in two counties.
South Dakota	No	Yes*	Yes	AFDC workfare component in WIN Demo. operating statewide.
Utah	Yes	Yes		GA mandatory workfare operating statewide. AFDC mandatory workfare for unassigned WIN mandatories.
Vermont	No GA Program	Yes		AFDC workfare mandatory for unemployed parents active 6 months or more.
Virginia	Yes	Yes*	Yes	Mandatory for GA. AFDC workfare component in WIN Demo. is statewide.
Washington	No	Yes	Yes	AFDC mandatory workfare operating in two counties.
West Virginia	No	Yes*		Mandatory AFDC workfare component operating statewide.
Wisconsin	Yes	Yes	Yes	State legislature has enacted pilot AFDC program with a mandatory workfare component. Limited to two or more counties.

**State is operating an AFDC WIN Demonstration Project which includes a workfare component.*

***Food Stamp Security Act of 1985 (P.L 99-198) requires states to establish an employment and training program by April 1, 1987 for employable but unemployed Food Stamp Program recipients. States have the flexibility in determining the program components. States may include one or more of the following activities: job search, training, community work experience (workfare) programs that do not displace paid employees and that extend the same work conditions and benefits received by regular employees performing comparable tasks, and other permitted programs or activities. Minimum recipient participation standards are to be set for each state.*

Sources: *—State Workfare Status Report, Jobs Watch, December, 1982.*
—Work Program Status Report, Office of Family Assistance, U.S. Department of Health and Human Services, January 1, 1986.
—1982 Characteristics of General Assistance Programs, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, May, 1983.
—Contacts with AFSCME and state officials, January-April, 1986.

AFSCME
Public Policy Department
May, 1986

ATTACHMENT 2

Comparison of Hourly Rates Between
PWP and Comparable City Titles

PWP	Hourly Rate	City Title	6/30/84 Hourly Rate
Attendant Aide	3.92	Attendant	6.63
Clerical Aide	3.83	Clerk	6.89
Community Service Asst	3.35	Community Service Aide	6.77
Custodial Aide A.M.	3.85	Custodial Asst	6.55
Custodial Aide P.M.	4.10		+ 10% shift differential
Elevator Aide	3.98	Elevator Operator	6.70
Clerical Aide	4.06	Account Clerk	7.12
Homemaking Aide	4.35	Homemaker	7.51
Janitorial Aide	3.74		
Messenger Aide	3.83	Messenger	6.89
Office Machine Aide	3.83	Office Alliance Opr	6.89
Pest Control	4.06	Pest Control Aide	7.12
Stenographic Aide	4.06	Stenographer	7.12
Stock Assistant	4.51	Assistant Stockhandler	7.58
Telephone Aide	4.06	Telephone Operator	7.12
Typing Aide	3.83	Typist	6.89
Watchman Aide A.M.	3.92	Watchperson	6.63
Watchman Aide P.M.	4.17		+ 10% night differential
Food/Housekeeping Aide	4.15	Dietary/Housekeeping Aide	7.36
Computer Operator Aide	5.24	Computer Operator	8.49
Computer Programmer Aide	7.10	Computer Programmer	11-16
Utility Aide	3.92	Senior Citizen Spec	
Key Punch Aide	3.95	Key Punch Operator	7.01
Motor Vehicle Aide	3.59		
Child Service Aide	3.94		
Hospital Clerical Aide	4.57	Senior Clerk	7.68
Hospital Messenger Aide	3.83	Messenger	6.89
Hospital Elevator Aide	4.25	Elevator Operator	6.70
Hospital Food & Housekeeping Asst	4.43	Dietary/Housekeeping Aide	7.36
Hospital Institutional Aide	4.43	Institutional Aide	7.36
Truckman's Helper		Laborer	

Mr. **Pease**. OK. Thank you very much, Ms. Meiklejohn. Mr. Frenzel, would you like to begin the questioning?

Mr. **Frenzel**. No; I want to thank the panel for their testimony. I appreciate them being here. I will say to Ms. Meiklejohn that she described the whole policy in her conclusion. It is an extraordinary, comprehensive job. Thank you.

Mr. **Pease**. I would like to thank you also. Your testimony was excellent, quite comprehensive. Truly, you did not leave very many questions unanswered. The Chair then would again express his gratitude for your testimony and declare the hearing at an end. Thank you.

[Whereupon, at 4:15 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

FOR THE RECORD
TO SUBCOMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515

March 18, 1986

The Honorable Harold E. Ford, Chairman
Subcommittee on Public Assistance and
Unemployment Compensation
B-317 Rayburn HOB
Washington, D.C., 20515

Dear Mr. Chairman:

Thank you for inviting me to participate in the subcommittee's hearing into proposals for reforming the current Unemployment Insurance system. This is an especially appropriate moment for such a hearing. Economic recovery has pushed aggregate unemployment rates back to their pre-1982 recession levels. With recovery, many states have rebuilt their U.I. trust fund balances and are reexamining their policies for dealing with labor market instability. Believing that the Federal Government has an interest in encouraging this re-evaluation, I am pleased to have this opportunity to submit my comments for your consideration.

Each economic recovery of the past fifteen years has produced successively higher levels of aggregate unemployment. The current recovery, with unemployment hovering at more than 7% after a two year expansion, is no exception.

What is exceptional about this recovery is the lack of promise it holds, even in faster growing regions, for agricultural, industrial and service sector workers displaced by changes in technology and world trade. Last year Massachusetts had a relatively low overall unemployment rate of 3.9 percent, with 300,000 workers seeking jobs. But even amidst this relative prosperity, fully 10% of the Commonwealth's workforce became eligible for --and collected-- U.I. benefits. And each week hundreds of skilled workers exhausted their U.I. eligibility without finding employment.

The time to devise effective policies for reintegrating these workers into the labor force is now, during the recovery, not after we have entered the next recession. Massachusetts already operates a number of programs specifically designed to address the mismatch between job skills and job opportunities, between areas of job growth and areas of concentrated unemployment. Last year the state dedicated $300 million for these employment and training programs.

As my state and others work to increase the flexible coordination of these programs, attention has naturally focused on the unemployment insurance system. To the extent that state employment services reduce the incidence and tenure of insured unemployment, savings are reflected in lower claims on the U.I. system.

States can be encouraged to intensify their employment service activities by linking these to the cost savings they produce in U.I. outlays. Currently, employment services are linked to U.I. only by administrative fiat. Most states require U.I. recipients to register with state employment agencies in order to qualify for benefits. Others, such as Massachusetts, have begun "marketing" many employment services specifically to U.I. recipients. But nowhere are these activities combined into a coordinated program effort.

One reason for the lack of program innovation is the difficulty of financing small scale U.I. demonstration projects and the necessarily modest returns that can be expected of these. States with well-funded U.I. accounts wishing to study the affect of integrating employment services with U.I. benefits must either add on special non-FUTA payroll taxes, increase state appropriations or undertake wholesale restructuring of their U.I system. That these requirements effectively discourage innovation is evident in the comparatively few U.I. demonstrations now being undertaken.

Thus despite the long term benefits that such demonstrations could produce, and despite the growing interest in U.I. reform, there is little incentive to pursue improvements.

I recently introduced legislation to promote state initiatives in employment programs serving U.I. recipients. This bill removes impediments to U.I. demonstration programs without threatening the basic security of any participating state's U.I. system. It will direct additional employment services to U.I. recipients without affecting the normal delivery of cash benefits. And it offers states an incentive to pursue cost saving program innovation without increasing federal outlays.

Under the terms of this legislation, qualified states could collect up to one quarter of the annual interest earnings of their U.I. trust fund accounts. This portion of their interest earnings, a small fraction of any state's total U.I. reserves, would finance temporary demonstration programs delivering a combination of employment related services to eligible U.I. recipients.

States participating in these demonstrations would submit yearly reports on program activities and their affect on total U.I. claims. Some demonstrations might focus on improving the joint administration of U.I benefits and employment services. Others might upgrade labor market planning techniques. Still others may focus on providing U.I. recipients with relocation allowances or targeted private sector retraining opportunities. The point is that states are quickly gaining considerable experience with the range of employment services called for by prevailing labor market conditions. We should now begin promoting demonstration programs that provide experience with the creative and aggressive delivery of these services to U.I. recipients.

Effective demonstrations would leverage increased state investment in employment related services. Program reports should show that under constant economic assumptions, actual U.I. outlays, including the costs of the demonstration, were held below projected outlays. In short, successful demonstrations would produce net program savings.

Participation would not require states to restructure their basic U.I. system. Nor could undertaking a demonstration affect the security of any state's U.I. system. We can safeguard the normal delivery of U.I. cash benefits by requiring eligible states to certify to the Secretary of Labor that current U.I. account balances are adequate, after deducting the designated portion of interest income, to meet all projected U.I. claims. Continued eligibility for demonstration funds would depend on recertifying each year that existing U.I. balances remained "solvent".

This sort of eligibility criteria targets these demonstrations to states with stable U.I. accounts and growing economies. Those states wishing to take advantage of this opportunity, in other words, will be those with the best chances of showing positive results. Already several states are in position to undertake these demonstrations. We should encourage them to explore cost effective means of delivering U.I. benefits and employment services to recipients. Through limited demonstrations we can speed the return of our skilled workforce back to the workplace. And perhaps equally important, we can lay the groundwork for a careful review of programs addressing long term structural unemployment.

Representatives from the Commonwealth of Massachusetts have been invited to testify before the subcommittee this morning. They will address a wide range of U.I. reform proposals, including the benefits to be gained from undertaking limited U.I. demonstration projects. I am keenly interested in your thoughts on their presentation as well as on the best methods by which the we can encourage state initiated U.I. demonstrations.

Once again, thank you for the opportunity to participate in this hearing. I look forward to continuing these discussions as the subcommittee further reviews U.I. reform proposals.

With warm regard,

Sincerely,

Chester G. Atkins
Member of Congress

CGA:cru

STATEMENT OF

CONGRESSMAN GERALD D. KLECZKA
FOURTH DISTRICT WISCONSIN

WAYS AND MEANS SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

I would like to commend the Chairman for his decision to study ways to reduce dependency on public assistance, and I would also like to thank the Committee for the opportunity to offer testimony on this issue.

New ways to encourage individuals to become self-reliant are needed. In recent years, the prevailing approach to social welfare policy has been to cut individuals' welfare benefits in an attempt to promote self-sufficiency among the poor. The 1981 Budget Reconciliation Act changed the eligibility for Aid to Families with Dependent Children causing 408,000 families to lose their benefits and reducing benefits for 299,000 other families. Many other social programs were cutback because they were thought to create dependency on the government without helping individuals to provide for themselves.

This approach to social welfare policy will no doubt be reinforced by the review of welfare policy called for by the President in his State of the Union speech. The Domestic Policy Council which is conducting this review is reportedly about to recommend limiting the total value of assistance that low-income individuals can receive from the government, on the assumption that this would help individuals to become self-sufficient.

Mr. Chairman, this is a cruelly one-sided way to encourage individuals to become self-sufficient. Instead of harsh disincentives for individuals who remain reliant on public assistance, we need positive incentives to encourage individuals to become self-reliant.

The most effective incentive for individuals to provide for themselves is a wage that allows them and their families to achieve a decent standard of living. Unfortunately, because the minimum wage has lost so much of its value, unskilled individuals now have few incentives to work.

In some areas of the country, an individual with two children can actually receive more from from basic welfare and Food Stamp benefits than from a minimum wage job. A full-time, year-round minimum wage worker earns only $6,968. Moreover, in the five years since the minimum wage was last increased, inflation has reduced its purchasing power by 25%. A minimum wage that does not permit a working American to support a family without resorting to public assistance needs to be changed.

Americans have always placed a great value on hard work, self-reliance, and individual success. The bill which I have introduced to increase the minimum wage would help to reinforce these values and to protect the millions of Americans from the devastating effects of poverty. In the Committee's deliberations, I hope that they will consider an increase in the minimum wage as part of an effective program to reduce dependency on public assistance.

STATEMENT OF CONGRESSMAN MAVROULES TO THE WAYS AND MEANS SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION - March 20, 1986

Mr. Chairman, I would like to thank the Subcommittee on Public Assistance and Unemployment Compensation for the opportunity to testify on behalf of a very successful employment-training program implemented in the Commonwealth of Massachusetts. The Employment and Training (ET) Choices Program of the Massachusetts Department of Public Welfare is designed to help Aid to Families with Dependent Children (AFDC) recipients and applicants to be independent of welfare assistance and gain economic self-sufficiency.

Since the inception of the ET Choices program on October 1, 1983:

- 23,048 AFDC clients have been placed in employment positions. (See Attached Chart # 4)
- Massachusetts AFDC caseload has dropped 8.6% between 1983 and 1985. (See Attached Chart #'s 10 and 11)
- jobs with an average full time wage of $10,100 per year or double the welfare grant have been provided. (Chart # 8)
- more than 6,000 businesses have participated in the program.
- Massachusetts taxpayers have saved $69 million. (See chart # 12)

There are many features of this innovative program which distinguish it from other employment-training programs and contribute to its overwhelming success. Unlike the Workfare program supported by the Reagan Administration, the approach of ET Choices is based on the assumption that welfare recipients, if given the opportunity to obtain quality education and vocational training, as well as job placement and support services, will opt for employment over welfare assistance.

The program is designed to encourage client involvement through maximizing choices rather than forcing participation with penalties for non-cooperation.

In order to make the various components of the ET Choices program function effectively and efficiently, the administration of ET is centralized under the Department of Public Welfare. The Public Welfare Department enters into performance based contracts with other state agencies. These agencies include: the Division of Employment Security, Office of Training and Employment Policy (the Jobs Training Partnership Act, JTPA system), Bay State Skills Corporation, Department of Social Services, and the Department of Education.

ET Choices has four major components: (See charts #'s 2 and 3)

1) - Assessment and Career Planning

2) - Training and Placement Services

   a. Division of Employment and Security
      Provides job development and placement services.

   b. Skills Training
      Provided under JTPA system and other skills training programs such as the Bay State Skills Corporation.

   c. On-the-Job-Training through Supported Work

3) - Educational Services

   a. Basic Education: English as a Second Language, Adult Basic Education, and General Equivalency Diploma courses.
   b. Advance Education: post-secondary or vocational education through voucher system with community colleges.

4) - Support Services

   a. Child Care: voucher system with the Department of Social Services

   b. Transportation Reimbursement

There is also an aggressive outreach and marketing campaign targeted at all AFDC recipients. This campaign reflects the belief that clients must be attracted to ET as a genuine opportunity for advancement rather than merely as a condition for receiving welfare.

The program does utilize some federal funds through the Work Incentives Program, WIN. The Administration proposed to eliminate WIN in the FY 1987 budget and replace it with a workfare program. Under this proposal, AFDC applicants and recipients would be required to search for employment and engage in other similar activities as a condition for AFCD eligibility. The Massachusetts experience indicates that this approach is ineffective. The Boston Globe affirms this conclusion in an editorial on August 2, 1985:

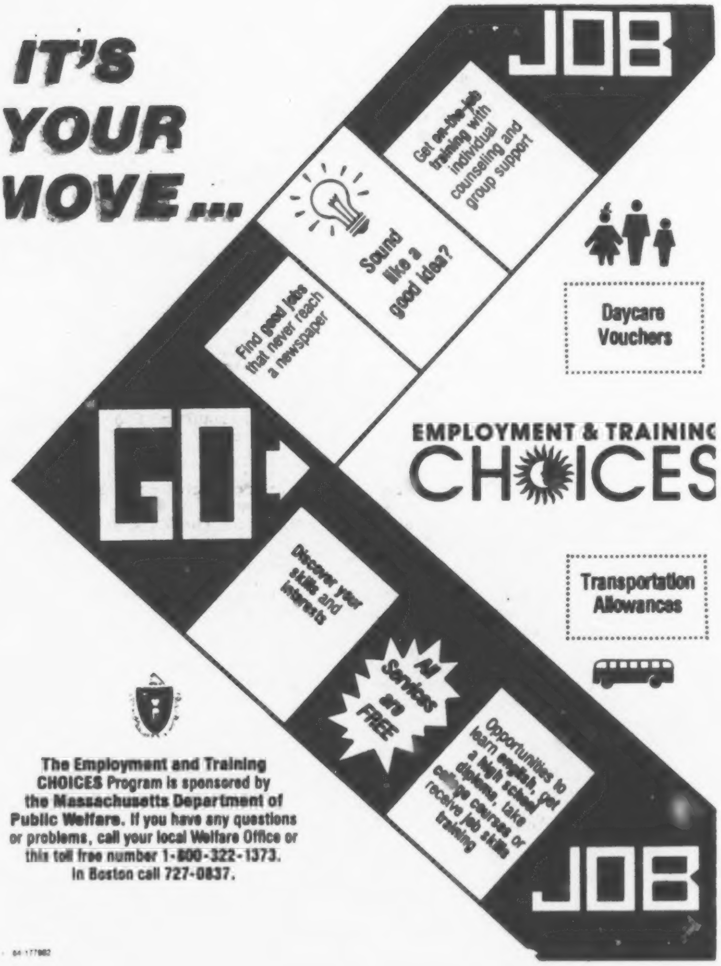
> Massachusetts' cost-efficient experience demonstrates that the WIN program can work, that federal dollars can be well spent, that welfare recipients really do prefer to work toward independence. Congress should resist the proposed program changes and budget cuts. The Reagan Administration must realize that poor people cannot pick themselves up by the bootstraps unless they have boots.

In conclusion, I would like to once again highlight the several factors surrounding the success and achievement of the ET Choices Program:

- Client choice from an array of programs designed to help AFDC clients realize their full career potential.
- Management initiatives, including local office accountability and performance based contracts with state agencies.
- vital support services such as child care and transportation.
- close and effective cooperation with other state agencies.
- an aggressive marketing and outreach campaign

I would also like to commend Governor Michael Dukakis and his Administration for their innovative approach and fine work accomplished through the Employment Training Choices Program. I urge you, Mr. Chairman, and the members of the Subcommittee to study the various components of the ET Choices package to perhaps replicate or incorporate some of these in a federal employment-training program.

IT'S YOUR MOVE...


JOB
Get on-the-job training with individual counselling and group support
Sound like a good idea?
Find good jobs that never reach a newspaper
GO
Discover your skills and interests
All Services are FREE
Opportunities to learn english, get a high school diploma, take college courses or receive job skills training
JOB

Daycare Vouchers

EMPLOYMENT & TRAINING CHOICES

Transportation Allowances

The Employment and Training CHOICES Program is sponsored by **the Massachusetts Department of Public Welfare.** If you have any questions or problems, call your local Welfare Office or this toll free number 1-800-322-1373. In Boston call 727-0837.

84-177982

EMPLOYMENT AND TRAINING CHOICES

COMMONWEALTH OF MASSACHUSETTS

MICHAEL S. DUKAKIS, GOVERNOR

BACKGROUND

- Employment and Training Choices is Massachusetts' employment program for people on public assistance.
- The program is known as E.T.
- E.T. began in October of 1983.

E.T. RESULTS

- More than 23,000 people have gotten full or part-time jobs.
- The average yearly salary is $10,100 for those who choose full-time work (more than double the average yearly welfare grant of $4,800).
- All the jobs are unsubsidized and 80% are in the private sector.
- Over two-thirds of the jobs provide health insurance.
- 86% of the people who go off welfare through E.T. are still off welfare one year later.
- As of January 1, 1986, E.T. has saved taxpayers $69 million in welfare benefits. When welfare, Medicaid, Food Stamp benefits and new revenues from Social Security contributions and income and sales taxes are included, savings will total $107 million in Fiscal Year 1986 alone.
- Massachusetts' welfare caseload declined 8.6% between January 1983 and January 1986 -- the largest decline in the nation.

E.T. PROGRAM

- E.T. participants may choose:
  - assessment and career counseling
  - education and skills training
  - on-the-job training through supported work
  - job placement through the Division of Employment Security
- Daycare and transportation allowances are available to all E.T. participants.

E.T. EMPLOYERS

- More than 8,000 Massachusetts firms have hired E.T. graduates.
- Employers have stated publicly the E.T. graduates whom they have hired are exceptionally well-trained and highly-motivated.

CHART 1

EMPLOYMENT AND TRAINING CHOICES PROGRAM GOALS

- Place 50,000 Welfare Recipients into Jobs
- Reduce Welfare Dependency
- Save 150 Million Tax Dollars

CHART 2

:/21/86

ET CHOICES FLOW CHART

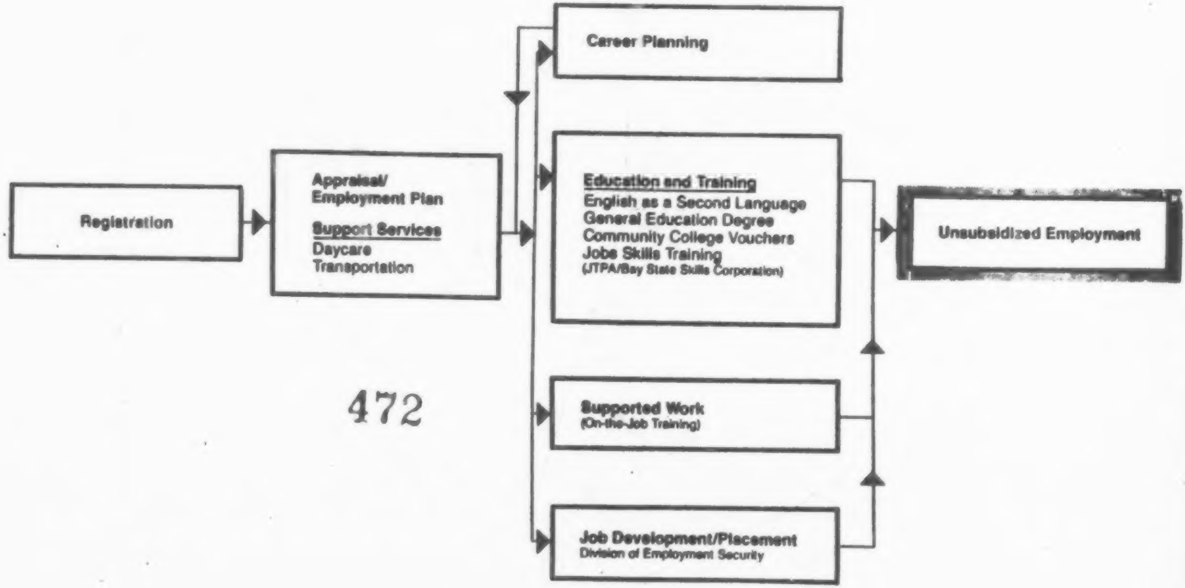
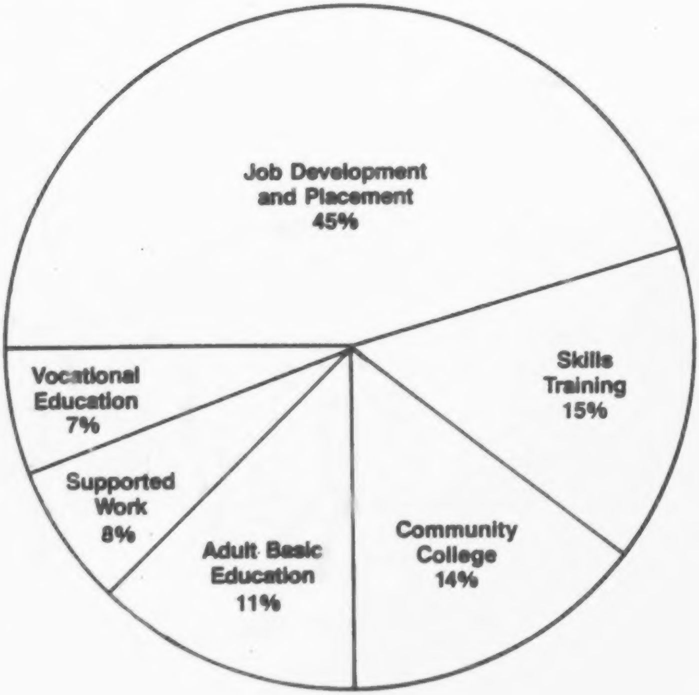

Registration
Appraisal/
Employment Plan
Support Services
Daycare
Transportation
Career Planning
Education and Training
English as a Second Language
General Education Degree
Community College Vouchers
Jobs Skills Training
(JTPA/Bay State Skills Corporation)
Supported Work
(On-the-Job Training)
Job Development/Placement
Division of Employment Security
Unsubsidized Employment

CHART 3

PROGRAM CHOICES BY ET PARTICIPANTS



Note: In addition, 15% of these ET participants also chose Assessment and Career Planning.

7/10/85

CHART 4

MONTHLY ET JOB PLACEMENTS: ACTUAL VS. GOAL

1/13/86

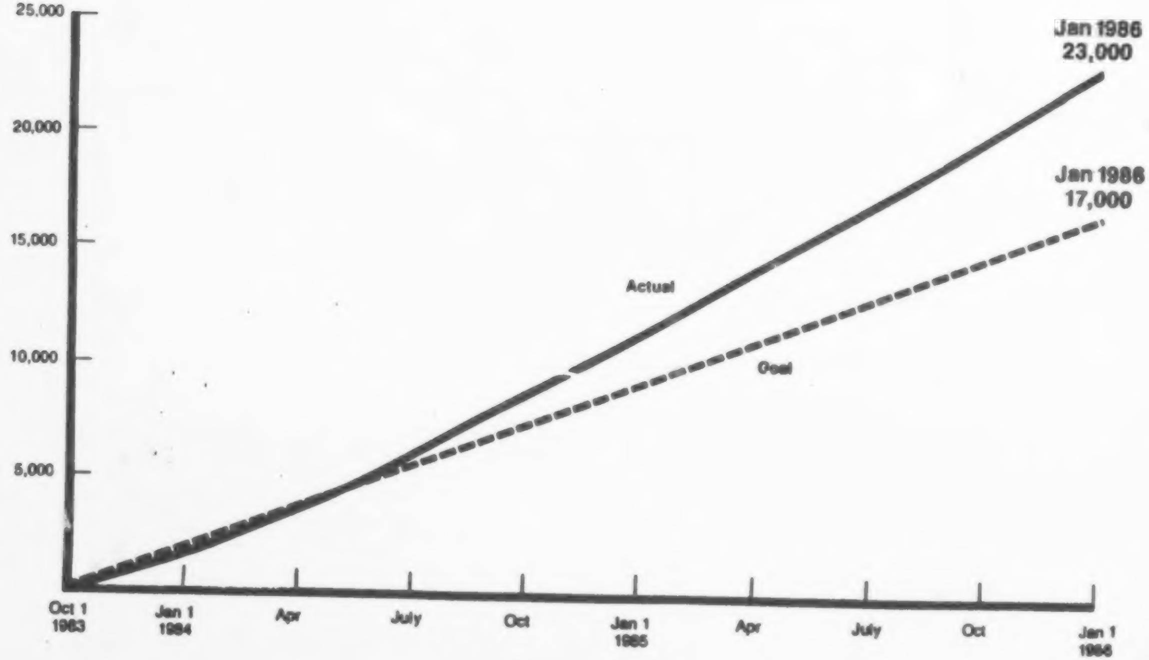


CHART 5

ET FULL TIME PLACEMENTS COMPARED TO ALL JOBS BY PERCENTAGE AND HOURLY WAGE
July 1, 1985–Dec. 1, 1985

ET CHOICES*			All Job Placements	
Average Hourly Wage	Percentage of Jobs	Occupation	Average Hourly Wage	Percentage of Jobs
$4.41	2%	Farming, Fishing, Forestry	$3.89	5%
5.10	2	Processing	4.32	4
6.63	3	Transportation	6.77	3
4.83	4	Sales	3.74	10
5.82	6	Machine Trades	5.30	3
6.88	7	Construction	6.24	5
4.66	8	Benchwork	5.01	5
7.33	10	Professional/Managerial	7.79	3
4.67	12	Packing/Handling	4.27	21
5.16	18	Service	3.95	22
5.28	28	Clerical	4.37	19
5.49	100	Total	4.50	100

*Note: Placements represented are from Division of Employment Security Job Development and Placement Services only; wage rates are taken at 30 days after placement.

1/15/86

CHART 6

ET: TWO YEAR RESULTS

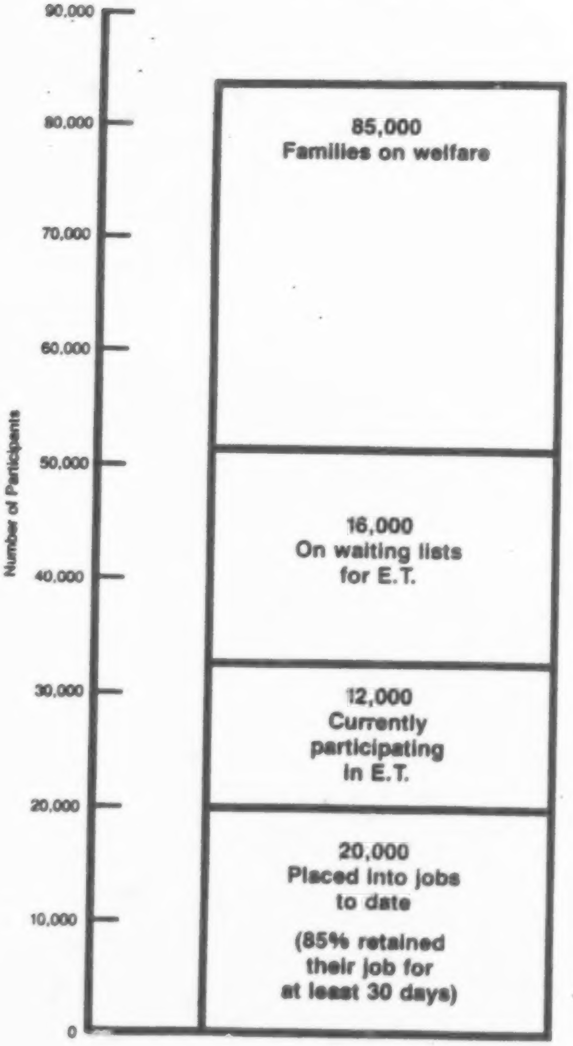
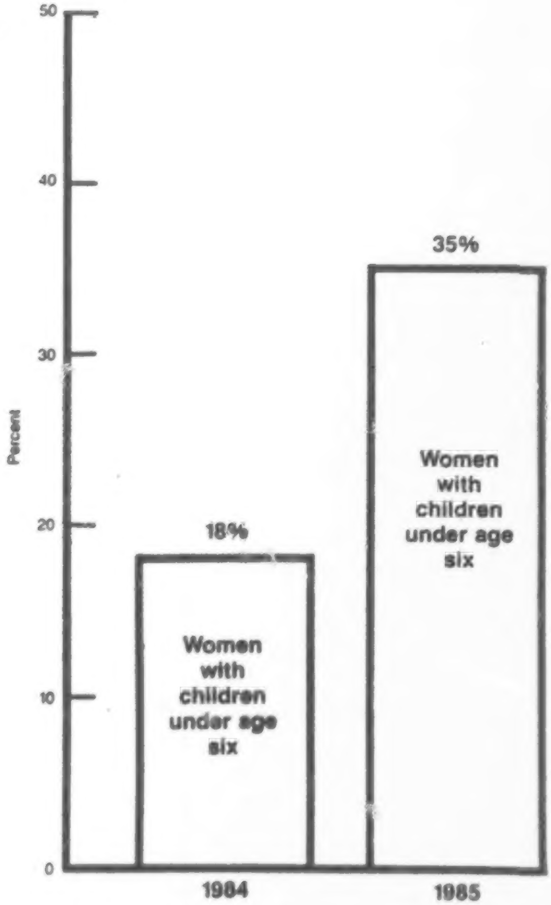


CHART 7

ET EXEMPT PARTICIPANTS
1984 VS. 1985

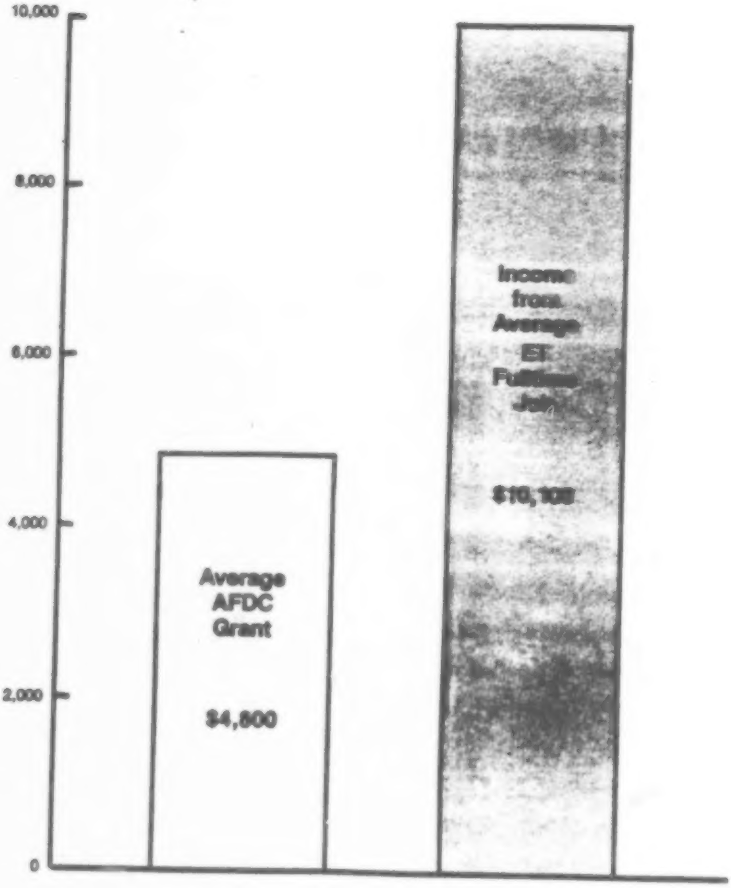


Figures for first quarter (Oct.–Dec. 1984) and most recent quarter (June–Aug. 1985)

10/1/85

CHART 8

INCOME: WELFARE VS. WAGES, 1985



11/1/85

CHART 9

10/1/85

EFFECT OF ET ON THE AFDC CASELOAD

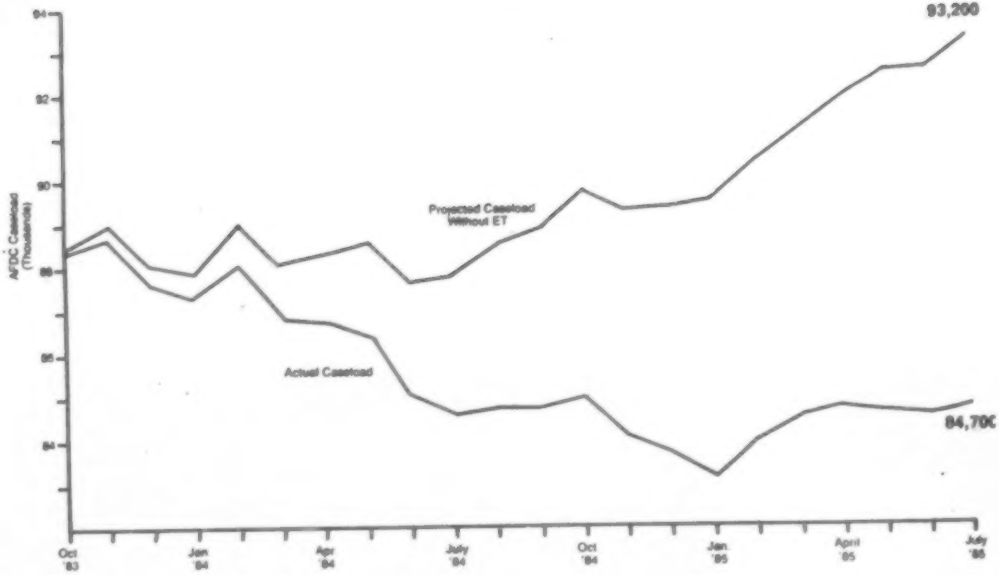
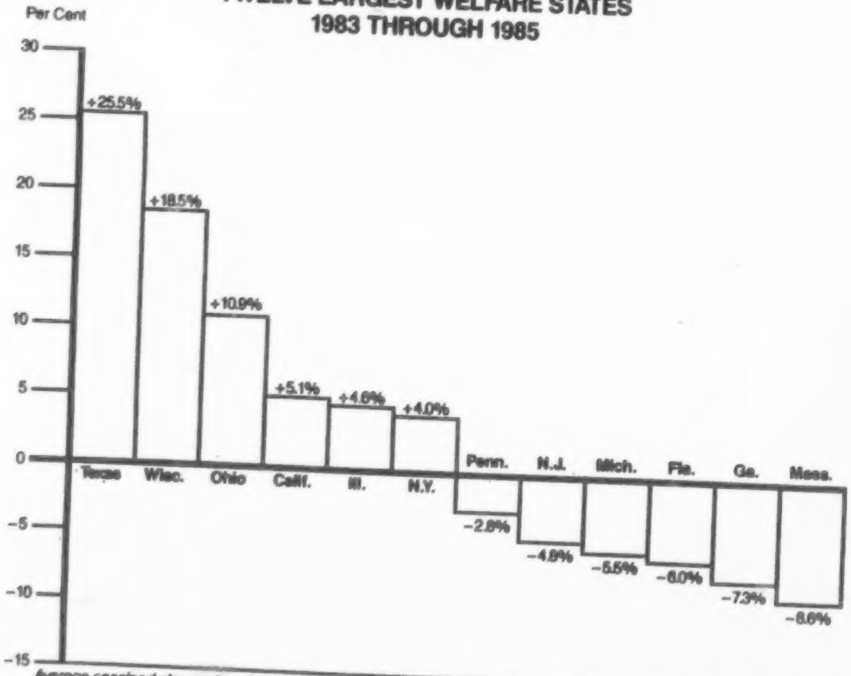


CHART 10

2/21/86

AFDC CASELOAD TRENDS
TWELVE LARGEST WELFARE STATES
1983 THROUGH 1985



Average caseload change for all twelve states is +2.8%.

CHART 11

TWELVE LARGEST WELFARE STATES
AFDC CASELOAD AND UNEMPLOYMENT TRENDS
1983 THROUGH 1985

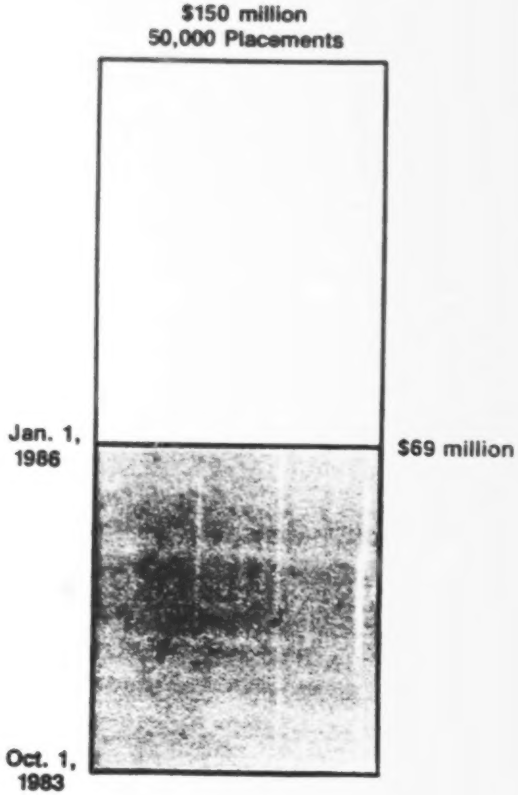
STATE	AFDC CASELOAD CHANGE	UNEMPLOYMENT RATE CHANGE (percentage points)
Texas	+25.5%	−1.2
Wisconsin	+18.5%	−5.1
Ohio	+10.9%	−6.2
California	+5.1%	−4.6
Illinois	+4.6%	−4.2
New York	+4.0%	−2.7
Pennsylvania	−2.8%	−5.2
New Jersey	−4.8%	−3.5
Michigan	−5.5%	−10.0
Florida	−6.0%	−4.4
Georgia	−7.3%	−2.1
Massachusetts	−8.6%	−3.5

Source: Massachusetts Department of Public Welfare
Office of Research, Planning and Evaluation
and
Massachusetts Division of Employment Security
Office of Research, Planning and Evaluation

2/21/86

CHART 12

CUMULATIVE ET SAVINGS



Note: Estimated net savings per placement: $3,000.

1/13/86

April 4, 1986

Honorable Harold E. Ford
Chairman, Subcommittee on
Public Assistance and Unemployment Compensation
Committee on the Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

The National Association of Personnel Consultants is pleased to submit its comments for inclusion in the record of your hearing on Work, Education and Training Opportunities for Welfare Recipients.

As noted in the enclosed written statement, the private personnel consulting industry believes that it can be a resource to assist in the placement of job-ready welfare applicants. Private placement agencies have already done so in a number of States and have current contracts in Pennsylvania and Texas, both of which have been favorably evaluated by governmental organizations within those States.

Among the many avenues that should be available to welfare recipients, the most efficient access to the job market must certainly be given a high priority. Not all applicants are job-ready and there is no insurance that jobs could be found for all those who are job-ready. However, jobs have been found for welfare recipients and we believe that use of professional private placement firms should be an integral part of the government's efforts to assist welfare recipients. As noted in our testimony, this approach is cost effective because if it is not effective in placing the worker in a job, there is no cost.

Thank you for the opportunity to place this information in the hearing record.

Sincerely,

Barry R. Niemann, CPC

WRITTEN NAPC TESTIMONY
SUBMITTED TO THE WAYS & MEANS SUBCOMMITTEE
ASSISTANCE AND
UNEMPLOYMENT COMPENSATION

HEARINGS FOR
WORK, EDUCATION & TRAINING OPPORTUNITIES
FOR WELFARE RECIPIENTS

As citizens, members of the National Association of Personnel Consultants welcome this and other inquiries into better ways to assist those in America who are not self-supporting. Obviously, our objective should be to enable as many welfare recipients as possible to become self-supporting. NAPC members are professionals in the area of matching workers with positions. They believe that existing programs have demonstrated that the personnel consulting industry can help in the national effort to improve the lot of those on welfare and reduce the cost to other taxpayers.

Undoubtedly, the approach to this problem must have many facets, and we note that the subcommittee is exploring them. Many welfare recipients are not job-ready, for example. Efforts to place them in jobs will not work very well because they are not likely to be hired and even less likely to be able to retain a job. These recipients need some sort of assistance if they are going to obtain and keep a job.

Recognizing this, however, we know that many welfare recipients are able to work. The personnel consulting industry has demonstrated how it can help in those States where it has been given the opportunity. What has happened in Pennsylvania and Texas, for example, is that the welfare agencies in those states provide vouchers and if personnel consulting firms are able to place a welfare recipient, the voucher is honored and the member gets paid for the placement. The recipient has a job and the savings to the welfare department are obvious. In a short time, the savings from not paying the welfare stipend far exceed the cost of one of a private firm finding a job for the former claimant.

NAPC emphasizes that the contribution that employment agencies can make in assisting welfare recipients--to place those who are job-ready--involves a cost only where it is successful. If an applicant does not get hired, no fee is paid. If a firm cannot find a job for a welfare recipient, than the voucher is not honored and no cost is borne by the agency that sent the recipient in the first place. As another benefit, a private firm interacting with welfarer recipients might be able to explain why no placement resulted. This could give guidance to those planning the training of such workers or perhaps indicate a need for motivation of a welfare recipient who otherwise appears able to get a job.

Using private employment agencies to find jobs for welfare recipients is hardly a startingly new proposal. Members of the private personnel consulting firms have been working with welfare recipients in Pennsylvania and Texas for several years now. Not everyone sent to them is placed; they do not claim to work miracles. But NAPC respectfully suggests that this problem is not amenable to a miraculous solution. What is needed is exactly what the Committee appears to be trying to get--a comprehensive, multi-faceted program that uses all available knowledge and skills to help welfare recipients become taxpaying citizens in every case where that is possible. Private employment firms offer something to that mix. What they offer is cost-effective because it only costs where it is effective. Using professional placement services will not create a new type of welfare-oriented business. No one would go into personnel consulting simply because of the opportunity to serve welfare recipients, although existing agencies will expand themselves to be able to do so.

A final comment about private firms. The great bulk of NAPC's membership works in positions where the employer pays the fee. The types of positions for which most people on welfare are qualified do not fall in this range. These are jobs which the employer must fill rather quickly and without a great expense in screening, and therefore private firms will only be able to do this if either the applicant pays or someone interested in the applicant pays. Clearly, it would be very difficult for welfare recipients to save up enough money to be able to pay an agency for the work necessary to locate jobs for them, particularly in some areas where finding jobs is not all that easy.

That is why NAPC recommends a voucher system. This allows the personnel consulting firm to be paid for the services it provides to the worker; it lets the worker receive professional placement assistance without being indebted to paying for the services that he/she received.

Personnel consulting firms are private businesses that face competition from government-funded programs. The publicly-funded Employment Service, for example, has much more money and an integrated system at its disposal. Yet in the States where private firms have been given the opportunity, they can make placements where the publicly-funded service cannot. That may be because the publicly-funded Employment Service seems increasingly to be directing its efforts towards professionals, people who already have jobs, or to assisting employers like General Motors in screening. NAPC questions whether that is something that the publicly-funded Employment Service should do while there are so many unemployed people and welfare recipients who do not have jobs. In any case, NAPC believes that private firms can place a substantial percentage of welfare recipients if given the opportunity. One of the things that is clearly needed by these recipients is a job, and finding jobs is the business of personnel consulting firms.

NATIONAL WOMEN'S LAW CENTER
[illegible] P STREET, N.W.
WASHINGTON, D.C. [illegible]
[illegible]

BOARD OF DIRECTORS

BROOKSLEY BORN, Chairperson
Arnold & Porter*

FREDERICK B. ABRAMSON
Sachs, Greenebaum & Tayler

DUANE ROBINA BONDS, M.D.
Assistant Professor of Obstetrics
& Gynecology,
University of Pennsylvania

NANCY DUFF CAMPBELL
National Women's Law Center

BEATRICE COLEMAN
President, Maidenform, Inc.

WILBUR DANIELS
Executive Vice President,
International Ladies'
Garment Workers' Union

DONNA de VARONA
President,
Women's Sports Foundation

ARVONNE S. FRASER
Senior Fellow,
Hubert H. Humphrey Institute
of Public Affairs,
University of Minnesota

MARCIA D. GREENBERGER
National Women's Law Center

SUZAN SHOWN HARJO
Executive Director, National
Congress of American Indians

MARY HOUGHTON
President, Illinois
Neighborhood Development
Corporation

ELAINE R. JONES
NAACP Legal Defense &
Education Fund, Inc.

MARGARET A. KOHN

PATSY TAKEMOTO MINK
Chair, Council of the City and
County of Honolulu

DONNA E. SHALALA
President, Hunter College

MARNA TUCKER
[illegible] and Tucker

AIDA WASERSTEIN
Waserstein & Dempsey

*Affiliations listed for identification purposes only

STAFF

NANCY DUFF CAMPBELL
MARCIA D. GREENBERGER
SUZANNE E. MEEKER
ELLEN J. VARGYAS
Attorneys at Law

ANN F. KOLKER
Policy Analyst

JULIE M. RANDOLPH
Legal Fellow

JULIE BURTON
Development Specialist

BETSY JOHNSON
Administrator

THERESA BUTLER
FRANCINE CROMWELL
JOSI LIPSON
BARBARA REEVES
Administrative Staff

May 2, 1986

__HAND DELIVER__

The Honorable Harold Ford, Chairman
Subcommittee on Public Assistance and
Unemployment Compensation
Committee on Ways and Means
1102 Longworth House Office Bldg.
Washington, D.C. 20515

Dear Mr. Ford:

The National Women's Law Center (NWLC) is pleased to submit this statement to the Subcommittee on Public Assistance and Unemployment Compensation in connection with the Subcommittee hearings on Work, Education and Training Opportunities for Welfare Recipients for inclusion in the hearing record. NWLC is a non-profit organization that engages in legal activities in a broad range of issues that affect women, including poverty and public assistance.

We applaud the Subcommittee's effort to explore the important issues surrounding employment training and opportunities for welfare recipients. The task of ensuring that welfare recipients are both prepared to and have the opportunity to engage in gainful, meaningful work is crucial to the goal of enabling recipients to free themselves from poverty. However, such a complex task can only be successful if the programs designed to accomplish it take into account the full range of factors that contribute to poverty and welfare dependency.

Clearly, providing meaningful work or employment training to recipients would go a long way towards helping women on welfare become self-sufficient. But much more than simply requiring a recipient to work or attend school will be necessary to reach that goal.

THE NATIONAL WOMEN'S LAW CENTER IS A TAX-EXEMPT, SECTION 501(C)(3) ORGANIZATION

A woman can finish high school, complete job training, even participate in community work programs, and still have to turn to welfare if there is no job available to her or if she has been trained only for jobs that will not pay enough to allow her to meet the day care and medical needs of her children, as well as her own needs.

The enclosed report issued by the Coalition on Women and Employment, Joblessness Among Women: A Portrait of Female Unemployment, documents the high unemployment levels among women (particularly minority women and single heads of household) and examines the barriers to full employment that women face. The report reveals for example, that the real unemployment rate for women (including involuntary part-time and discouraged workers) was 15% as recently as September, 1985. The official unemployment rate for young women ages 16-19 was 16.4%. And the unemployment rates for Black and Hispanic women are higher yet.

Certainly, one cause of such high unemployment rates is lack of experience and adequate training, especially for young women. However, simply initiating programs that provide the same kinds of experience and training women have traditionally received will not address a major problem that confronts women in the workforce: confinement to a few occupational fields that often do not provide a wage that would allow a worker to support her family. Joblessness Among Women documents the fact that women are concentrated in clerical and operative work. In 1984, the median wage for all female clerical workers was $10,870; for all female operatives it was $8,674. The poverty level for a family of four in 1984 was $10,609. It is clear that training women for work in these areas simply assures that they will continue to live at or near the poverty level.

According to the report, it is often true that young women simply assume they will eventually take these low-paying "women's" jobs. They are frequently unaware of the full range of opportunities available to them. Therefore, any employment programs developed for young women should inform participants of the full range of career options available and should provide young women with education, training or experience in a wide variety of fields.

Joblessness Among Women documents the direct link beween poverty and unemployment or underemployment. AFDC recipients cannot move from poverty to self-sufficiency if they are simply assigned to "a job." It is vital that employment programs pay close attention to the kind of employment recipients are being assigned to or trained for. The pay and benefits scale, opportunitity for advancement and general availability of jobs that a recipient is being prepared to take are the factors that will dictate whether a work experience program will help AFDC recipients become self-sufficient or will simply become yet another trap in the poverty cycle.

NWLC welcomes the opportunity to provide to the Subcommittee some of the information necessary to the creation of a successful Employment and Training Program for welfare recipients. We urge the Subcommittee to consider this report in its deliberations.

Sincerely,

Julie M. Randolph

Julie M. Randolph

Ellen Vargyas

Ellen Vargyas
Staff Attorneys

A FIRST FRIDAY REPORT

JOBLESSNESS AMONG WOMEN:
A PORTRAIT OF FEMALE UNEMPLOYMENT

November 1, 1985

Issued by the Coalition on Women and Employment and the
Full Employment Action Council in conjunction with

9 to 5, National Association of Working Women
American Association of University Women
American Civil Liberties Union
Amalgamated Clothing and Textile Workers Union
American Federation of State, County, and Municipal Employees
American Jewish Congress
American Youth Work Center
Americans for Democratic Action
B'nai B'rith Women
Center for Community Change
Children's Defense Fund
Coalition on Block Grants and Human Needs
Communications Workers of America
Displaced Homemakers Network
Federally Employed Women
Food and Allied Service Trades Department, AFL-CIO
Friends Committee on National Legislation
Girls Clubs of America
Human Environment Center
Industrial Union Department, AFL-CIO
Jobs Watch
Interfaith Action for Economic Justice
International Union of Operating Engineers
League of Women Voters of the U.S.
Lutheran Council U.S.A. Office for Governmental Affairs
Mexican American Legal Defense and Educational Fund
NAACP Legal Defense and Educational Fund, Inc.
National Commission on Working Women
National Congress for Community Economic Development
National Congress of Neighborhood Women
National Council of La Raza
National Conference of Puerto Rican Women
National Council of Senior Citizens
National Federation of Business and Professional Women's Clubs, Inc. (BPW/USA)
National Office for Black Catholics
National Political Congress of Black Women
National Urban League
National Women's Law Center
National Women's Political Caucus
NETWORK
Older Women's League
Presbyterian Church U.S.A.
Roosevelt Centennial Youth Project
Rural Coalition
United Auto Workers
United Church of Christ, Office for Church in Society
United Food and Commercial Workers
United Methodist Church Department of Social and Economic Justice
General Board of Church and Society
United States Catholic Conference
United States Student Association
United Steelworkers of America
Wider Opportunities for Women
Women and Poverty Project, American University
Women Employed
Women U.S.A.
Women's Employment and Economic Development Association
Women's Equity Action League
Women's Legal Defense Fund
Women's Technical Assistance Project
Worker's Defense League, Inc.
YWCA of the USA, National Board

Contributors to the report include: the American Civil Liberties Union, Children's Defense Fund, Displaced Homemakers Network, Mexican American Legal Defense and Education Fund, League of Women Voters Education Fund, NAACP Legal Defense and Educational Fund, Inc., National Council of La Raza, National Women's Law Center, Wider Opportunities for Women, Women and Poverty Project, Women's Equity Action League, and the AFL-CIO Economic Research Department.

Special thanks to the National Women's Law Center and the Children's Defense Fund for coordinating, assembling and preparing this report.

For further information or additional copies of this report, contact:

National Women's Law Center
1616 P Street, N.W.
Washington, D.C. 20036
202/328-5160

Children's Defense Fund
122 C Street, N.W.
Washington, D.C. 20001
202/628-8787

Full Employment Action Council
815 16th Street, N.W.
Washington, D.C. 20006
202/393-7415

SUMMARY AND KEY FINDINGS

- Today, nearly 8 million American women are either out of work or working part-time because full-time jobs are not available. The "real" jobless rate (including discouraged and involuntary part-time workers) for women in September 1985 was 15%.

- Unemployment among specific groups of women remains intolerably high — 15% of black women in the labor force are officially counted as unemployed, as well as 11% of Hispanic women and 11.6% of female heads of households. Women in these groups are one and one-half to two times as likely as the average American to be unemployed.

- Notwithstanding the current economic recovery, employment conditions for American women remain substantially worse after the 1981-82 recession than they were following previous recessions. In September 1985, 34 months after the 1981-82 recession, the total number of unemployed American women is still 34% higher than at a comparable point following the 1974-75 recession. Unemployment levels for black women, Hispanic women and female heads of household also remain 37-45% above levels achieved during prior periods of recovery.

- Joblessness among women and low wage levels in traditionally female occupations continue to undermine the economic stability of American families. Families headed by women who are not employed are three times as likely to live in poverty as those headed by working women. Even among two-parent families, those in which the mother does not work are two and one-half times as likely to be impoverished as those in which the mother is employed.

- Current federal initiatives to combat joblessness and underemployment among women fall far short of documented needs. Federal support for job training has dropped substantially since 1981, and other efforts to prevent employment discrimination and worker dislocation are being weakened by the policies of the Reagan administration.

I.

OVERVIEW OF JOBLESSNESS AMONG WOMEN - A NATIONAL PERSPECTIVE

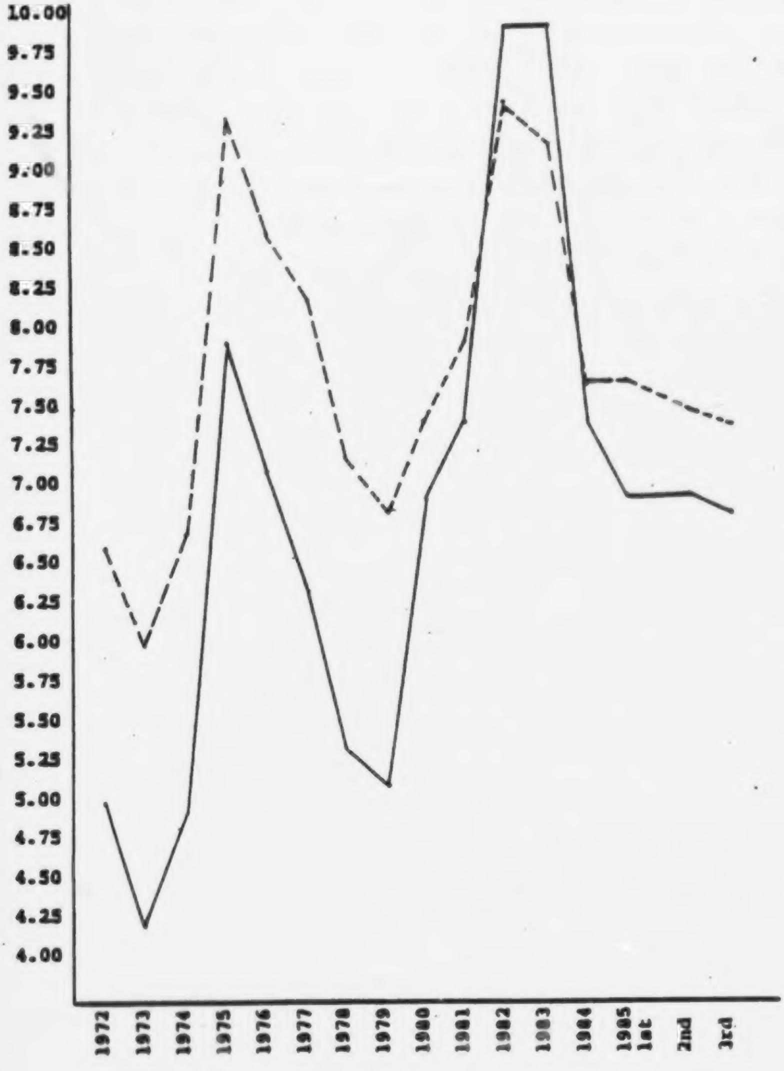
Portrait of Female Unemployment

The problem of joblessness in America — among men and women alike — remains deeply troubling. Despite a period of "recovery" which has lasted almost three years, roughly 8 million Americans are counted officially as unemployed. The inclusion of so-called "discouraged workers" and those forced to accept part-time work because full-time jobs are not available raises the "real" jobless total to about 15 million. These large numbers of Americans unable to find jobs equal or exceed the total unemployed during previous postwar recessions. It is a national tragedy that, in the wake of unprecedented joblessness during the 1981-82 recession, today's levels of idleness are viewed as acceptable and consistent with a robust economic recovery.

These concerns regarding the overall employment outlook are magnified by persistent evidence that women still suffer a disproportionate share of the nation's joblessness. Except during the last recession, the official female unemployment rate has hovered substantially above the male rate for more than thirty years. (Figure 1) In September 1985, for example, the official unemployment rate for men age 16 and over stood at 6.7 percent, but the rate for women was 7.3 percent. Among adult women, the official unemployment rate has not shown any significant improvement during 1985 and recent trends offer little hope of further gains in the foreseeable future.

Figure 1

UNEMPLOYMENT: MEN & WOMEN, 16 years and older



Source: Bureau of Labor Statistics

The interrelated problems of joblessness and poverty are particularly threatening to female-headed households because these women confront multiple employment barriers which raise their chances of being unemployed. Official unemployment rates for women who are divorced, separated, widowed or single have consistently been 1-1/2 to 2 times higher than either the national average or the official unemployment rate for married women with a spouse present. Unemployment among women who maintain families has exceeded 10% since 1981. Thus, those American families least able to cope with the financial losses of prolonged joblessness remain among the most vulnerable groups in the U.S. labor market.

The recent recession has yet to end for nearly four million American women who are official counted as unemployed in September 1985. At a comparable point in January 1978 (34 months after the end of the 1975 recession), 2.8 million women were counted as out of work and the official unemployment rate stood at 7.0%. Following each recession since World War II, the unemployment rate has racheted upward, leaving increasing numbers of men and women without work even during perids of economic recovery. The absence of further improvements in employment conditions during the past year has simply reinforced this ominous trend.

Of course, the persistence of recession-level joblessness is vividly apparent in depressed regions of the country. A total of 15 states and the District of Columbia reported official unemployment rates (combined male and female) in excess of 8% in

1984. (See Appendix for additional data on state and local jobless rates.) Female unemployment rates in 1984 exceeded 8% in 19 states and the District of Columbia. The official unemployment data also suggest that the structure of regional and state economies place a disproportionate share of joblessness on women. Female unemployment rates in 27 states are higher than those for men; in 11 of these states, predominately in the southeastern part of the country, the gap betwen female and male unemployment rates exceeds one percentage point and reaches as high as 3.5 percentage points. Alabama boasted the highest female unemployment rate (12.9%) in 1984, followed by West Virginia (11.7%), Michigan (11.6%) and Mississippi (11.5%).

Geographic disparities in joblessness among women are also apparent in analyses of rural employment conditions. In response to deteriorating conditions in the agricultural sector, labor force participation of women in rural areas has risen to more than 46% among those living on farms and 52% for nonfarm women. Yet opportunities for women off the farm have not kept pace with this influx of rural women into the labor market. As of the second quarter of 1985, the female unemployment rate in rural areas stood at 8.5%, representing a total of more than 1.2 million women out of work.

Beyond the Official Unemployment Rate

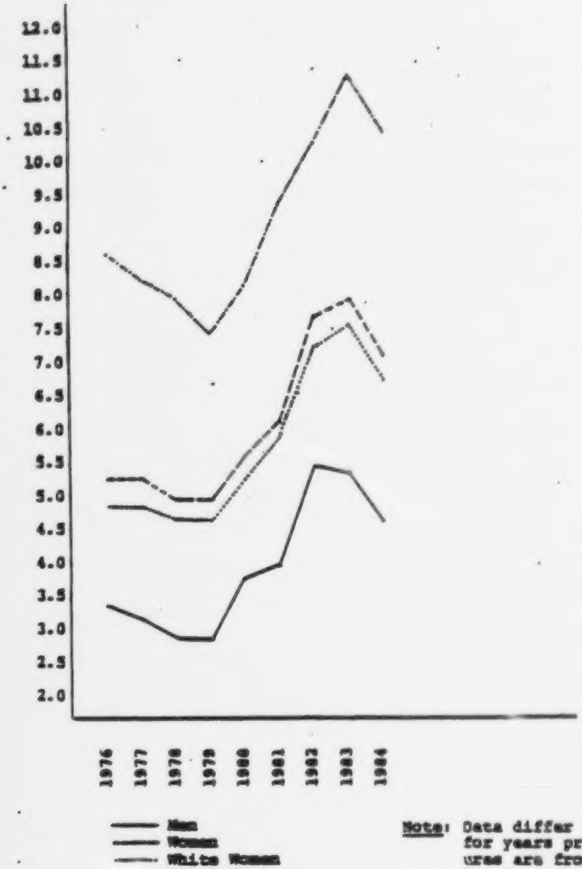
The official unemployment rate does not tell the full story of joblessness among women. Among those officially counted as unemployed, the nature of employment problems encountered by jobless women can be significantly different from those facing unemployed men. In addition, large numbers of women who are forced to accept part-time work or have become too discouraged to seek new jobs are not included in the official unemployment tally, but are nonetheless victims of widespread joblessness. Finally, women working in low-wage occupations with no prospects for advancement are clearly underemployed, facing economic threats and deprivations similar to those encountered by jobless women.

Unemployed women frequently begin at a disadvantage relative to men because of the way in which they enter unemployment. While two-thirds of unemployed men lose their jobs (including one of six who is just on layoff), women are twice as likely as men (44% vs. 22%) to come into unemployment not from a job, but from outside the labor force. As new workers or reentrants to the work force, they can rely upon neither recent work experience nor current employment references in their job search.

Although the average duration of unemployment for women workers is shorter than the average for men, extended joblessness among women has severe labor market consequences. Women, particularly during recessionary periods, are more likely than men to end a spell of unemployment by leaving the labor force altogether. This problem is especially disturbing because women are experiencing more long-term unemployment. Since 1980, the number of women experiencing unemployment for longer than 6 months has increased by 22%, compared to a 7% increase among men.

Figure 2

INVOLUNTARY PART-TIME EMPLOYMENT RATES



Note: Data differ from published figures for years prior to 1982. These figures are from conversions calculated by the Bureau of Labor Statistics as a result of the 1980 census

Source: Bureau of Labor Statistics

More than twice as many women as men work part-time — about 12 million women compared to 5.4 million men. The majority of women working part-time do so by choice. Less than a third of female part-time workers (about 7% of all women workers in September 1985) worked part-time for "economic" reasons, because they were unable to find full-time work. However, women are one and a half times as likely to work part-time for economic reasons as men. (Figure 2) In the 1980s, the number of workers forced to work part-time also increased twice as much for women as for men, up 824,000 versus 415,000 among men.

Even among the 23% of all women workers who are counted as working part-time voluntarily, their ability to choose between part-time and full-time work is far from clear. For example, part-time jobs that are defined as "full time for this job" are included in "voluntary" part-time work. In other words, if the job is offered only as a part-time job and accepted on that basis, the worker is counted as working part-time voluntarily.

Women who have stopped looking for work because they believe they would be unable to find a job are also not counted in the official unemployment rate, but they comprise a sizeable portion of the female jobless population. Most women not in the labor force are not counted as "discouraged workers" either because they do not want a job immediately or because they do not cite their pessimistic assessments of employment opportunities as the sole reason why they are not looking for work. Nonetheless, two out of three discouraged workers are women, and the number of women officially counted in this category increased from 558,000 to 632,000 (13.3%) since 1979. Analyses of the rate at which women enter the labor market when job opportunities increase suggest that the total number of female discouraged workers may be twice as great as the official statistics indicate.

When involuntary part-time and discouraged workers are added to the official unemployment count, it becomes evident that a large segment of the female population is affected by joblessness. The following estimate of real joblessness among American women illustrates the severity of female unemployment and underemployment:

"Real" Joblessness Among Women

Unemployed	3,764,000
Underemployed - working part-time for economic reasons	3,263,000
Discouraged workers	726,000
TOTAL	7,753,000
Total female labor force plus female discouraged workers	51,603,000
"Real" jobless rate for women	15.0%

Source: derived from Bureau of Labor Statistics Data

With nearly one in seven female workers either unemployed or underemployed in 1985, current levels of joblessness among women offer a compelling indictment of the nation's economic and social policies.

The Changing Labor Market Role of Women

In the past, the heavy burdens of joblessness and underemployment among women have been rationalized as reflections of women's status as secondary wage earners in American families. Sweeping changes in family structure and female labor market participation now belie such claims. Increasingly, American women enter the labor market to support their families in much the same manner as men: two-thirds of women workers are the sole support of themselves or their families or have husbands earnings under $15,000. As a result, joblessness among women in the mid-1980s frequently carries more devastating consequences for families and their children than it did just two decades ago.

The social and economic roles of women have been dramatically reshaped during the postwar period. Female labor force participation has more than tripled since 1947, approaching 55% in 1985. Women now constitute almost half of the U.S. labor force, and 56% of all children in American have working mothers. Labor force participation rates are particularly high among young women, suggesting that the number of female workers will continue to grow in the years ahead.

More importantly, due to rapid increases in the number of female-headed households, female earnings have assumed a far greater role as a source of family income and economic support for children. A two-parent family in which the mother does not work is two and one-half times as likely to live in poverty as one in which the mother is employed. Of course, the importance of female earnings in single-parent households is far greater. Even when the mother is working, female-headed families are three times as likely to have incomes below the poverty level as two-parent families with two wage earners. For families headed by women who are not employed, the chances of being impoverished rise to a level nine times greater than that faced by two-parent families with two wage earners. In 1984, 34.5% of all female-headed households lived in poverty; 56.4% of all households headed by women who were not in the labor force were poor.

The concentration of women in low-wage occupations with little prospect for advancement further compounds the economic vulnerability of families which rely heavily upon female earnings. While on its face this form of "underemployment" appears less devastating than joblessness, the combination of low wages, limited employment benefits (e.g., health insurance, day care, pension coverage), and sex-based occupational segregation has a powerful impact on the employment and income status of American women.

Our nation has moved far from the pre-World War II era in which fewer than one in five women were engaged in paid employment. The majority of American women now participate in the labor force, and their contributions to family income as well as national economic growth have increased dramatically. For this reason, the problems of joblessness and underemployment among women can no longer be viewed as tangential to the nation's economic and social welfare. The solution will require the sustained concern and energies of American society.

II.

JOBLESSNESS AMONG SPECIFIC GROUPS OF WOMEN *

Female Heads of Household

Female heads of household have an unemployment rate of 11.6% (September 1985), a full 4 percentage points higher than the national average of 7.5%. (Figure 3) The rate for black women heading households is 21.7% and Hispanic female heads of households have a 13.5% unemployment rate. Last year, for women with children under age six, the unemployment rate was 20.2%. Of those female heads of families working part-time, 40% were unable to find full-time employment. While 61% of women household heads worked to support their families, only 37% of women heads, and 31% of minority women heads, were fully (year-round, full-time) employed.

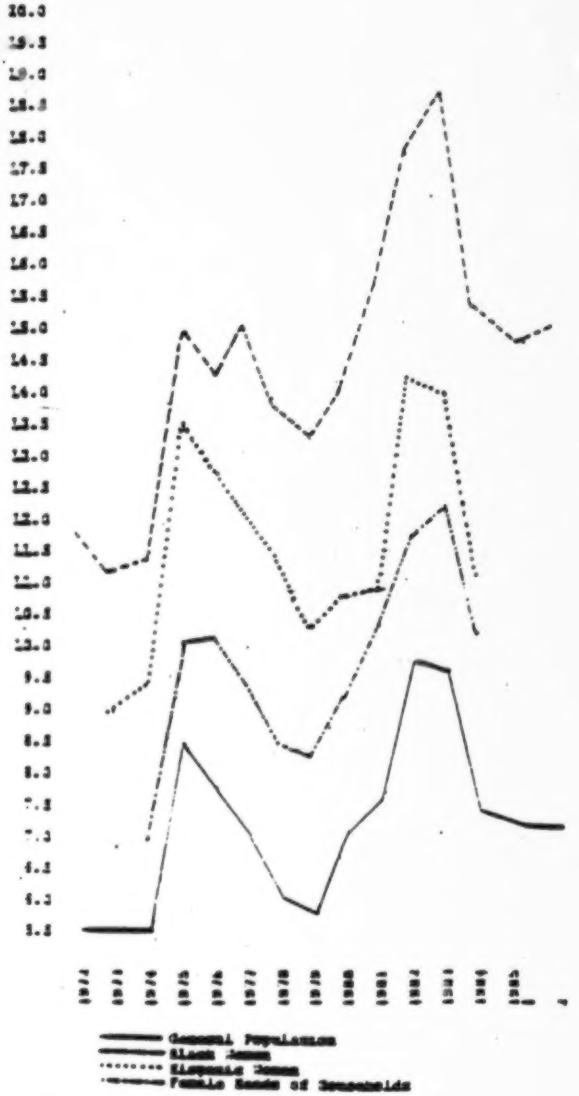
Female heads of households are experiencing far higher levels of unemployment today after nearly three years of economic recovery from the 1981-82 recession than they did at a comparable point after the 1974-75 recession. (Figure 4) In September 1985, 725,000 female heads of household were officially counted as unemployed, a total nearly twice as large as in January 1978 when 391,000 women heading families were unemployed. The official unemployment rate for female heads of household which stood at 8.3% in January 1978 now remains at 11.6%.

---

* Data on selected populations, including Asian and Native American women, are not available, thus hindering the relevant analysis.

Figure 3

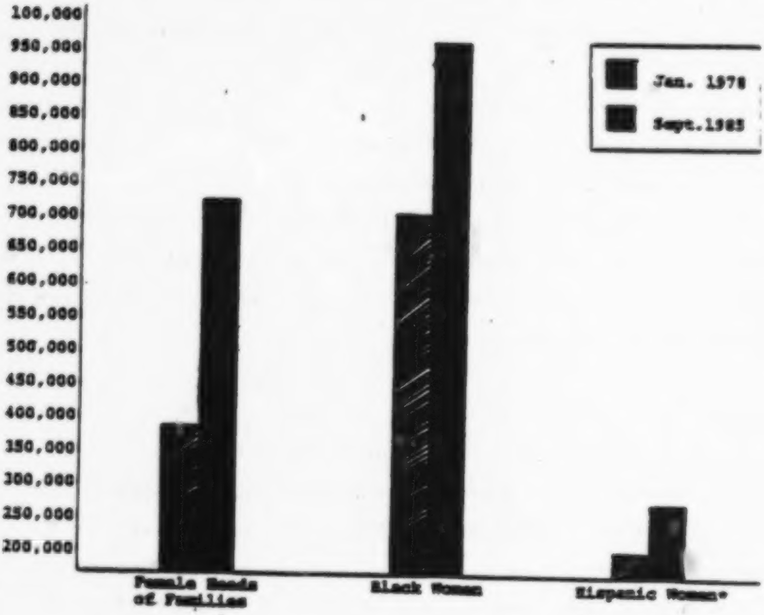
UNEMPLOYMENT: 16 years and older



Source: Bureau of Labor Statistics

Figure 4

Numbers of Women Unemployed During Recovery:
A Comparison of Official Unemployment Totals 34 Months After the 1974-1975 and 1981-1982 Recessions



Source: Bureau of Labor Statistics

*Data on Hispanic women are 1977 and 1984 averages; monthly data are not available.

As more and more families have more than one earner, the economic consequences of unemployment may be cushioned. For women maintaining families alone, however, the consequences of unemployment are usually more severe. The likelihood of having someone other than the female head that is of working age and employed is much less than in other families. Thus, only about a fifth of unemployed women family heads have another family member, a teenager or other adult worker, who is currently employed. For this reason, two-thirds of female-headed households who experienced unemployment in 1984 had incomes at or below the poverty level.

Black Women

Black women suffer from persistent and severe unemployment. Their current unemployment rate (September, 1985) of 15.1% is more than twice as high as the national rate of 7.1%, and this enormous disparity has existed over recent decades. (Figure 3) Indeed, black women have the highest unemployment rate of any group of women.

Black women's unemployment is even more dramatic when contrasted with unemployment rates among whites: currently white men have a 5.5% unemployment rate, while the rate for white women is 5.8%. Unemployment among black women is nearly three times the unemployment rate among whites. Blacks are also unemployed as a result of job loss at over two and one-half times the rate of whites. In August 1985, 2.8% of unemployed whites cited job loss as the reason for their unemployment, while 6.8% of unemployed blacks had lost jobs.

Periods of recession aggravate the disparity between black and white unemployment even more. In 1982, when national unemployment rates reached their peak at 10.8% the rates for white women and men were 7.3% and 8.8% respectively, but the rate for black women was 17.6%. Even as the overall rates of unemployment have declined since 1983, black women have continued to experience disproportionate levels of unemployment.

Indeed, the recovery from the 1981-82 recession has failed to reduce joblessness among black women to levels even approaching those achieved following the 1974-75 recession. In September 1985, 34 months after the end of the last recession, nearly one million (964,000) black women remain out of work. After a recovery of the same duration in January 1978, only 706,000 black women were officially counted as unemployed. This increase of 37% in the numbers of unemployed black women after nearly three years of economic growth illustrates the extent to which the current recovery has failed to reach large segments of the American population.

For many years, the unemployment of black women exceeded the rate for black men by about two percentage points. Since 1980, the jobless rate for black men began climbing above the rate for black women, reaching 20.1% compared to the 18.6% rate for black women in 1983. Since that record gap, the unemployment rate for black men has declined more rapidly than the rate for black women and in September of this year, the rate for both hovered around 15%.

Involuntary part-time employment affects black women more severely than whites. For example, in 1982, involuntary part-time employment affected 10.3% of black women, but only 4.5% of white men and 7.7% of white women. Black women suffer more than twice as much from forced part-time work as white men.

Ironically, in spite of these high unemployment rates, black women have always had high rates of labor force participation. As early as 1890, nearly 40% of black women and girls over age 10 were employed. The labor force participation of black women fluctuated in the 1978-83 period between 53% and 55%. More than 70% of black women aged 25-44 years old participated in the labor market in 1983. Black women head households more frequently than do white women, and black men experience higher unemployment rates and lower wages than do white men. The work effort of black women is often key to the survival of black families. However, this high rate of labor force participation has not translated into real economic gains for black women.

Hispanic Women

The unemployment rate for Hispanic women is also very high, compared both to the national unemployment rate and to the unemployment rate for all women. In 1984, for example, while the national unemployment rate was 7.5%, the unemployment rate for Hispanic women was 11%. Similarly, the unemployment rate for women generally was just above the national average at 7.6%, but the rate for Hispanic women at 11% was more than three full percentage points higher than the rate for all women. Sub-groups of Hispanic women experience unemployment at differing levels. In 1984, Mexican origin women had an unemployment rate of 10.9%, for Puerto Rican origin women the rate was 14.7% and for Cuban origin women it was 6.7%.

Similar to black women and female heads of household, the official unemployment data suggest that Hispanic women are faring substantially worse in the wake of the 1981-82 recession than they did following the 1974-75 recession. In 1977, the second full year after the end of the 1974-75 recession, 204,000 Hispanic women were officially counted as unemployed. During the second year of recovery from the 1981-82 recession, the number of unemployed Hispanic women remained 40% above that level, totalling 286,000 in 1984.

Labor force participation for Hispanic women has increased in recent years. In 1984, the labor force participation rate for Hispanic women was 50%, compared to 52.4% for white women and 53.7% for Black women.

Young Women

Young women also are far more likely than the average labor force participant to experience periods of joblessness. In September 1985, 16.4% of all women between the ages of 16 and 19 who were actively looking for work could not find jobs, and at 33.6% the jobless rate of young black women was double the average unemployment rate for all young women. For women between the ages of 20 and 24, the official unemployment rate stood at 11.2%. While teenage women fare somewhat better than their male counterparts, their employment prospects also tend to improve less in relative terms as they grow older. Hence, women aged 20-24 had a higher official unemployment rate in September 1985 than men in the same age group.

Many of the employment problems experienced by young women are common to all teenagers. Lack of basic academic skills, prior work experience, and occupational skills training all pose barriers to employment among young people, including young women. In some cases, the job prospects of teenage women are further diminished by vocational education and occupational training programs which focus on the employment-related needs of male teenagers at their expense. Moreover, many young women inaccurately assess their future employment needs and options. They are likely to have limited career aspirations which are confined to work traditionally performed by women, thereby focusing on relatively low-wage jobs with little potential for career advancement. For example, a Labor Department study found that 18.6% of young women and only 1.4% of young men aspired to clerical occupations; conversely, 22% of males, but only 2.3% of females, aspired to occupations in the blue collar crafts.

Women who become mothers at an early age face more complicated problems in attempting to enter the labor market. The employment problems of teenage mothers generally begin with low levels of educational attainment and self-esteem, factors which initially contribute to early parenthood. Without prior work experience or adequate options for child care, few teenage mothers manage to find and retain employment independently. The high incidence of joblessness is reflected in high poverty rates among families headed by young women: three out of every four single mothers under the age of 25 live below the poverty line.

Middle-Aged and Older Women

For the second quarter of 1985, the unemployment rates for women 45 years old or older were for the most part reassuringly low: 4.9% for women age 45 to 54, 4.4% for women age 55 to 64, and 3.4% for women 65 or older, although black women over 65 had a 9.5% rate of joblessness. These rates might lead one to believe that "all is well" for America's middle-aged and older women. However, these statistics fail to indicate the special employment problems faced by this population.

First, what the unemployment rates do not show is that when midlife and older women become unemployed, they have a harder time finding a job than do other women. For example, in the second quarter of 1985, women age 20 to 44 spent an average of 13.8 weeks looking for their next job, while it took women 45 years old and older 17.8 weeks to become reemployed. This longer duration of unemployment means that for middle-aged and older women, unemployment can be a more threatening situation than for some other populations.

In fact, older women are most apt to remove themselves from the job market, thereby not showing up as either unemployed or discouraged workers. A House Committee on Aging study estimated that after a period of unemploment, nearly one in three women 60 years old or older will drop out of the work force entirely.

Likelihood of Withdrawal from Labor Force After Unemployment

Age	Sex	
	M	F
25-44	9%	25%
60+	27%	31%

Source: House Select Committee on Aging: Unemployment Crisis Facing Older Americans, October 1982.

The unemployment rates are also misleading because they do not account for the large number of discouraged middle-aged and older women workers. For example in the second quarter of 1985, 96,000 women 60 years old and older were discouraged workers. Thirty percent of them believed employers thought they were too old and over one-half attributed their unemployment to job market factors, such as no work was available.

A third reason the unemployment figures are falsely reassuring is that they do not show how many women need full-time work but are able only to find part-time employment. Older women are more likely than older men to be working part-time involuntarily (working part-time for "economic reasons"). In the second quarter of 1985, 6.2% of women in the work force age 55 and older worked part-time for economic reasons, compared to 3.1% of older men. Minority women are particularly vulnerable — 10.5% of black women age 55 and over worked part-time involuntarily in 1984.

One segment of the population which faces serious employment problems is displaced homemakers — middle-aged and older women who have lost their unpaid jobs as homemakers upon the death, divorce, separation or disability of their spouses or upon the loss of long-term public assistance. While recent data are not available, statistics from 1976 paint a portrait of a group whose official unemployment rate, if it were tabulated, would be disturbingly high. At that time, of the estimated 4 million displaced homemakers, at least half were experiencing employment problems. Of this group, 50% were underemployed, either working full-time for below minimum wages or working part-time for economic reasons. Another 20% were unemployed. Fifteen percent reported not being in the labor force for other reasons, and 15% were about to lose AFDC or other income related to the presence of dependent children. Clearly, official unemployment rates of between 3% and 5% for women 45 and older do not accurately portray the situation of displaced homemakers.

III.

THE LINK BETWEEN JOBLESSNESS, UNDEREMPLOYMENT AND POVERTY

- The poverty rate for female heads of families was 34.5% in 1984, more than five times the poverty rate for married couples.
- For black women heading families, the poverty rate was 51.7%.
- For Hispanic women heading families, the poverty rate was 53.4%.

The high incidence of poverty among single heads of household and black and Hispanic women results not only from the high unemployment rates among these groups, but also from their disproportionate representation in part-time or intermittent jobs, and their concentration in sex-and racially-segregated jobs paying low wages and offering little opportunity for advancement.

The links between poverty and unemployment are striking, and they are particularly dramatic for black and Hispanic workers. For all jobless workers the poverty rate increases with duration of unemployment: for workers jobless for one to four weeks, 13% are in poverty, while among workers jobless for 15 to 26 weeks, the poverty rate increases to 19.9% and for those unemployed more than 27 weeks, it rises to 31.7%. For black and Hispanic workers, joblessness causes even greater poverty: for black and Hispanic workers jobless for one to four weeks, 24.3% and 21.7% respectively are in poverty. Blacks without jobs for 15 to 26 weeks have a 35.4% poverty rate, while the rate for Hispanic workers unemployed this long is 33.1%. Blacks and Hispanics unemployed for 27 weeks or more have poverty rates of 42.4% and 40.9% respectively. Clearly, the path from unemployment to poverty is direct and the route is particularly straight for black and Hispanic workers.

Part-time employment also contributes significantly to high levels of poverty, particularly among women. For example, the median wage of female part-time workers is $97 per week; for women maintaining families it is $109 per week. Among female heads of household, 43% of those working only part-time and/or for part of the year had incomes below the poverty level. Among black female heads of household working part-time and/or for part of the year, the poverty rate was 58%. Even when working full-time, women are more likely than men to experience disruptions in work due to illness, work stoppages, or other causes, and their absences are considerably less likely to be paid than those of men (54% versus 68%).

The impact of part-time employment on income status is compounded by greater numbers of part-time jobs in low-wage occupations. In addition to reduced hours, many part-time jobs pay lower hourly rates than full-time employment even when the work is essentially equal. The largest proportions of involuntary part-time workers are found in the service occupations, among operators classified as handlers, and among retail sales workers. While women are more likely than men to work part-time in every job category, female part-time workers are heavily concentrated in low-wage sectors. Minority women are also represented disproportionately in these occupations and remain most vulnerable to involuntary, part-time employment at very low wages.

Women who work part-time also enjoy fewer fringe benefits and protections from economic insecurity as a result of their employment. Part-time jobs rarely are accompanied by non-wage benefits such as pension or health insurance coverage. Furthermore, the loss of part-time employment generally leaves women ineligible for unemployment benefits to cushion its impact. Minority women again tend to be the most vulnerable. For example, among black female workers who head households and have children under age 18, fewer than one-third are covered by pensions and less than one-half are covered by group health insurance plans.

Even when working full-time, women earn less than men.

MEDIAN WEEKLY EARNINGS
First Quarter, 1985

White men	$418
Black men	303
Hispanic men	295
White women	283
Black women	264
Hispanic women	240
Female Single Heads of Household	282

Nor are these income disparities explained by differences in educational levels: in 1982, white male college graduates had a median income of $28,700; white female graduates experienced median earnings of only $18,800; and the median earnings for black female college graduates were even lower, at $16,200. Indeed, white males with only an eighth grade education had median annual earnings of $16,800 — higher than the $16,200 earned by black women with a college degree.

These earnings disparities reflect the fact that most women, particularly black and Hispanic female workers, are employed in the least desirable, least well-paid jobs in the occupational strata. For example, fully 30% of black women are employed in private household and service occupations (*i.e.,* cleaning services, teacher aides, social workers aides and health service aides), while another 30% work in low skill clerical jobs (*i.e.,* file clerks, clerical assistants, typists, telephone operators and receptionists). When black female retail sales workers (3.2%) and nondurable goods operatives (7.2%) are added to the black women who work in clerical, service, and private household occupations (60%), it becomes clear that the majority of black women — more than 70% — work in low-wage occupations.

Hispanic women are also concentrated in low level jobs within occupations: 36% of Hispanic women workers are employed in clerical and kindred work where the 1980 median annual wage for women was only $10,909; while the median annual wage for men in clerical and kindred work was $18,474. Operatives, where Hispanic women are especially overrepresented, accounted for 22% of Hispanic women workers compared to 11.3% of black women and 9.7% of white women. The operative jobs in which women are predominantly employed include laundry and dry cleaning operatives, packers and wrappers, sewers and stitchers, shoe-making machine operatives, and textile operatives. The 1980 median annual wage for women operative workers was only $9,476, for men, the median annual wage was $15,473.

In sum, high levels of underemployment and part-time employment as well as unemployment and the concentration of women workers in low-wage occupationally segregated jobs contribute significantly to the high poverty levels of women, particularly black and Hispanic women heading households.

IV

PUBLIC POLICY RESPONSES TO JOBLESSNESS

The causes of high jobless rates among black and Hispanic women and single heads of household are complex. Inadequate federal employment and training initiatives, and persistent job discrimination which keeps women in low-paid, female-dominated jobs, are clearly key factors. The shortage of suitable jobs, aggravated by the absence of a coherent national industrial policy, further limits the economic opportunities available to women.

FEDERAL EMPLOYMENT AND TRAINING INITIATIVES

Unfortunately, just at the point that the feminization of poverty has become a stark reality (three-quarters of the nation's poor are women and their dependent children), the federal government's employment and training efforts on behalf of the economically disadvantaged have lagged. Three federal initiatives — the Job Training Partnership Act, the Vocational Education Act, and the Work Incentive Program — have the potential to help women break the poverty cycle through gainful, meaningful employment, but none of the programs has come close to meeting the enormous and growing need.

Job Training Partnership Act

The Job Training Partnership Act (JTPA) is the largest of all current federal employment and training initiatives. A glance at the raw statistics suggests that women are participating in the program: U.S. Department of Labor data indicate that slightly more than half of all program participants are women. Nonetheless, a close look behind the numbers reveals that the program has not reached the most economically disadvantaged, minority women and single heads of households. Those most in need of basic skills, training or the opportunity to climb out of low-wage dead-end jobs have not found JTPA a source of assistance or hope.

Enacted in 1982, JTPA provides federal funds for job training to states, which then distribute their monies to "Service Delivery Areas" (SDA's) within their borders. Decisions on target populations to be served, appropriate provider groups to do the training, and dissemination of funds rest with a Private Industry Council (PIC) comprised primarily of local officials and business representatives. Seventy percent of program funds must be spent on direct training services; administrative costs cannot exceed thirty percent, and only fifteen percent can be spent on support services. In sharp contrast to JTPA's predecessor, CETA, the federal government provides little guidance or direction in how the funds are to be spent. Local SDAs, relying heavily on input from the business community, are free to spend their funds on the kinds of training programs they desire.

While JTPA is touted as the federal government's major effort to assist youth and economically disadvantaged unskilled adults enter the labor force, the resources which both Congress and the Administration have been willing to commit are seriously inadequate. In 1985, $3.5 billion was appropriated for JTPA, down from $7.5 billion that was spent in 1981 on employment and training under CETA. According to recent estimates, only 5% of the eligible population is being served by JTPA, and in large urban and rural areas, only one to three percent of the population is being served. Despite this paucity of resources, the Administration annually tries to reduce JTPA's funding, thus limiting further the program's possibility of success. A substantial infusion of dollars is now essential if the JTPA program is to make discernible gains for the thousands of unemployed youth and adults entering and re-entering the labor market.

The law's eligibility requirements focus aid on the economically disadvantaged, including youth. However, many of the program's specific statutory requirements undercut the Act's intention of serving those most in need of assistance. First, the program has very strict "performance standards," which require a high participant-to-job placement ratio. The effect of these performance standards is to discourage JTPA programs from enrolling "hard to place" applicants — in most cases, women with little previous job experience and low educational levels. Second, there is no stipulation that local programs set aside money for support services such as transportation and child care for program participants. Since many programs have not earmarked dollars for this purpose, women with young children are effectively shut out of JTPA's training opportunities. Indeed, local program administrators are under so much pressure to enroll participants that can be easily placed to meet the performance standards that they are simply not seeking or serving individuals needing child care, stipends or other support services.

Detailed evaluations of local JTPA programs have documented the impact of performance standards on enrollment patterns and supportive services for female participants. For example, a comprehensive study of JTPA programs in 57 Service Delivery Areas by Grinker, Walker and Associates found evidence of widespread "creaming" to select the most job-ready applicants for training. The Grinker-Walker study also revealed that the sample SDAs were spending only 8% of their funds on supportive services (roughly half the total allowed under the statute), and that only one in six SDAs was spending the maximum amount available for this purpose. Similarly, a more intensive study of JTPA implementation in Illinois conducted by Gary Orfield at the University of Chicago found that women, even when accepted into training programs, were far more likely than men to be channeled into classroom training for low-wage clerical jobs while men were twice as likely to receive on-the-job training which produces immediate income and long-term employment prospects. The Orfield evaluation further discovered that female JTPA participants in Illinois fared less well than men once training has been completed: although women receiving AFDC benefits, often minority single parents, made up one-fourth of all enrollees, they comprised only 19% of those placed in private sector jobs.

A further shortcoming of the Job Training Partnership Act is the absence of a significant commitment to direct federal job creation and public sector work experience. While public service employment under the Comprehensive Employment and Training Act (CETA) drew heavy criticism during the late 1970s, independent evaluations of the program suggest that it was an effective means of providing work experience and increasing job opportunities during recession. Public sector jobs proved particularly important for disadvantaged youth — CETA programs in fiscal year 1979 provided nearly half a million person-years of employment for those between the ages of 14 and 21, and over 40% of all black youth as well as almost one-fourth of all Hispanic youth who worked in 1979 found their jobs in a CETA program. Yet JTPA programs are authorized to provide only the most limited forms of work experience, and barred by statute from using federal funds to pay wages for public sector jobs. As a result, JTPA's ability to assist women who need work experience or face unemployment because of job shortages in the private sector is severely limited.

Finally, the Act does not provide for a meaningful federal oversight role, basically leaving to states and to chance the achievement of the program's stated goals. The Act's data collection requirements are minimal. States are not required to maintain profiles on program participants, job experience and income levels prior and subsequent to participation in JTPA. Thus, the Act denies advocates and policy makers the tools necessary to assess the program's effectiveness, only reaffirming the widespread concern that the least skilled, the hardest to employ, are not being served by JTPA.

In spite of these shortcomings at the national level, however, several of the states have used their JTPA funds to benefit low-skilled, economically disadvantaged women. For example, in Tennessee, one local program has targeted displaced homemakers, and in addition to skills training, has provided program participants with funds for supportive services that cover child care, transportation and limited medical costs. Another program in Virginia serves women exclusively, offering participants a range of pre-employment activities including job counseling, as well as basic education and on-the-job training. Programs in North Carolina and Wisconsin, among other states, also train women specifically for non-traditional jobs.

Major revisions of the Job Training Partnership Act are essential, however, if the promise of meaningful employment assistance to women in these selected states is to be translated into effective programs throughout the nation. The current system of performance standards must be revised to reduce the emphasis on immediate, low-cost job placements and encourage longer-term investments in training for disadvantaged women. A stronger federal role in the design and targeting of programs is necessary to ensure that those women (and men) most in need of assistance are served. A job creation component also should be added to JTPA so that employment opportunities are available for those without prior work experience and during periods of recession. Finally, and perhaps most importantly, federal support for employment and training initiatives under JTPA must be dramatically increased to enable states and communities to reach a larger segment of the jobless and underemployed population.

Vocational Education

Vocational education programs also can play an important role in preparing young people for participation in the current job market. The results of federal support for vocational education programs, which exceeds $700 million annually, have been disappointing at best. Vocational education programs have been hampered by failure to assess the needs of economically disadvantaged women, lack of funds, and a misplaced focus that has failed to train workers for jobs requiring today's technological skills. Moreover, sex-segregated and sex-stereotyped programs have left women and girls ill-prepared for jobs with upward mobility and adequate income.

The ability of vocational education programs to reach disadvantaged youth and improve their employability has long been questioned. Many schools continue to use vocational education courses as a means of tracking students, offering unchallenging and sometimes irrelevant curriculum to those identified as "low achievers." Even when schools and states have seriously addressed the goals of vocational education, their attempts to train teenagers for a lifetime career has grown increasingly outdated in a national labor market characterized by a relatively high degree of occupational change. As innovations in workplace technologies grow more rapid, vocational education programs are struggling to modernize equipment and proving largely unable to mount new and effective programs for disadvantaged youth.

Recent research on the early labor market experience of vocational education students suggests that their training yields neither lower unemployment rates nor higher-paying jobs. In some states, fewer than one-fourth of all students enrolled in vocational education courses ever completed a course of study and a very small number (as low as 4%) actually found jobs in their field of study. Furthermore, studies of vocational education generally have not supported the claim that such programs keep disadvantaged students in school longer and prevent them from dropping out. Amendments to the federal Vocational Education Act passed in 1984 sought to bolster programs serving poor and minority youth, but it is not yet clear whether these new initiatives will heighten the effectiveness of vocational education programs.

Vocational education programs have proved particularly inadequate in meeting the employment-related needs of female high school students. Since 1976, the legislation establishing the federal vocational education program has stated that the funds must not be used to perpetuate discrimination. Despite a mandate that a "Sex Equity Coordinator" play a role in every state program, equitable treatment of women has been difficult to achieve. While half the 17 million participants were women and girls, nearly 90 percent of them were separately tracked into traditionally female occupations, and took secretarial, cosmetological, or health courses while their male counterparts learned trade, industrial or construction skills. Instead of training single parents, displaced homemakers, and economically disadvantaged young women for careers that offered opportunity and a decent income, vocational education was the handmaiden of sex-stereotyped employment and the virtual guarantor of perpetually low-income jobs for women.

The recent story of vocational education has been more promising. Congress reauthorized the program in 1984, and addressed the program's failure to break the cycle of channeling women into low-paying employment. Congress expanded the duties of the Sex Equity Coordinator, and established two innovative programs under his/her jurisdiction. Now 8.5% of the federal grant must be spent on programs geared toward displaced homemakers and single parents; the money can be used for training, day care, and other support services that will help move these women into the work force. Furthermore, another 3.5% of the grant must be used for programs to overcome sex bias and stereotypes in employment, including programs that train women for non-traditional employment.

As under JTPA, the effectiveness of vocational education programs has been hampered by patently inadequate levels of federal funding. In FY 1982, the budget for vocational education was cut by $125 million (16%) from its FY 1980 level; this budget level has remained frozen for four years. Although Congress approved a $100 million supplemental appropriation for FY 1985, total program dollars remained 18% below the level needed to provide FY 1980 levels of service for vocational education. Without adequate funding, the programs designed for women will have little effect. In addition, federal budget cuts have prevented vocational education programs from keeping pace with rapidly changing technologies. As a result, even the best-intentioned program cannot fully intargrate women workers into jobs with decent futures and decent incomes.

Work Incentive Program (WIN)

Enacted in 1967, the Work Incentive (WIN) Program remains an unrealized promise of a path away from dependency and toward meaningful, unsubsidized employment. WIN was designed to provide job training and placement for adult AFDC recipients (93% of whom are women) whose children are age six or older and who live within reasonable transportation distance of a training site. Because of inadequate funding and support services, however, WIN has fallen far short of its goals.

After accounting for inflation, WIN funds are 40% lower than they were in FY 1981. As a result, many WIN registrants never receive promised skills assessments, training or job placement, and cannot successfully enter the labor market. Less than a quarter (23.7%) entered unsubsidized employment for more than thirty days in FY 1984; not even 12% were able to leave the AFDC program after WIN "training." Even WIN's "successes" do not offer a real route out of dependency. Instead of concentrating on education, counseling, and motivation training, WIN most often matches participants with low-wage jobs that require little skill and provide less opportunity and are segregated on the basis of sex.

Despite this unimpressive national picture, several states have begun to reshape their WIN programs in an attempt to expand training and placement opportunities for unskilled AFDC women. For example, the "ET: Choices" program launched by Massachusetts in October 1983 provides for individualized assessment of the employment needs of AFDC recipients and offers them a choice of four programs — career counseling, training, supported work, and job placement. The Massachusetts program also provides day care for up to one year after placement and Medicaid benefits for up to 15 months after placement. Maine has also used the flexibility provided by Congress in its authorization of WIN demonstration programs in 1981 to develop a system of training and job placement which uses a portion of a recipient's AFDC grant as a wage subsidy to expand opportunities for private sector employment.

Some combination of individualized needs assessments, supervised job search, skills training, and grant diversion is now being utilized in several other states (including Maryland, Louisiana, Minnesota and Arizona, among others) in efforts to bolster the employability of AFDC recipients. With few exceptions, these programs remain very small and serve only a few hundred disadvantaged women. Because the training and supportive services needed by most AFDC women are costly to provide, even the innovative WIN programs are far from an adequate response to the employment-related needs of disadvantaged women. Nonetheless, the new initiatives mounted in these states represent an encouraging sign that the nation may begin to fulfill its ideological commitment to work as an alternative to welfare dependency for employable women on AFDC.

For WIN programs to be successful, the provision of post-program social services is essential in order to ease the transition to work and strengthen incentives to retain employment. Chief among these services is day care, in theory a state responsibility but funded primarily by the federal government. Without readily available day care, WIN participants with young children will not see steady employment as an option. But day care too, is less amply provided than in the recent past. The major federal program that funds day care services, Title XX, was cut 22% in FY 1981, and its services today remain well below the FY 1981 levels. In 1984, 25 states spent less on day care than they did in 1981, and 27 states served fewer children than they were able to care for in 1981.

WIN is targeted for extinction each year in the Reagan Administration's budget. Repeal is not the answer to WIN's mixed track record. Instead, the program needs adequate funding and services to train the millions of eligible women for permanent employment and to sustain the hope that every family can be self-sustaining.

BARRIERS TO EMPLOYMENT

Another major cause of unemployment and underemployment for women is job discrimination. In a report issued by the U.S. Civil Rights Commission in 1982, discriminatory employment practices were found to be a major cause of the disproportionately high percentage of women who were either unemployed or underemployed. The report indicated that disparities in unemployment and underemployment persisted, particularly for women of color, regardless of the relative health or infirmity of the economy.

Vigorous enforcement of anti-discrimination laws when undertaken has been effective in increasing employment opportunities for women. Title VII of the Civil Rights Act, Title IX of the Education Amendments, and Executive Order 11246 prohibiting discrimination by government contractors, all are important tools for assuring that women have equal access to available jobs and receive promotions and advancements commensurate with their male colleagues.

An illustration of the effectiveness of these anti-discrimination laws is Executive Order 11246. Executive Order 11246 prohibits companies that do business with the federal government from discriminating in their employment practices and policies on the basis of race, color, sex, national origin, or religion and requires them to take affirmative action.

Two recent studies conducted at the request of the Office of Federal Contract Compliance Programs (OFCCP) within the Department of Labor demonstrated significantly greater employment gains for women in work forces covered by Executive Order 11246 and its affirmative action requirements than in work forces not covered by the Executive Order. For example, employment opportunities for women in the banking industry have increased dramatically: the percentage of women employed as bank officials and financial managers increased from 17.6% in 1970 to 31.4% in 1980. Similarly, vigorous enforcement of Executive Order 11246 was responsible for increasing the number of women miners from 1% in 1972 to 11% in 1979, and for increasing the number of women employed in the construction industry by 30% in an eighteen month period in the early 1980's. One study found further that federal contractors had fewer women concentrated in low-paying jobs than noncontractors.

The substantial evidence of increased employment opportunity as a result of vigorous enforcement of anti-discrimination laws, particularly the enforcement of affirmative action requirements of Executive Order 11246, suggests that efforts to enforce such laws are critical to ending the disproportionate unemployment and underemployment suffered by women in general and women of color in particular. It is therefore ironic that this federal policy, with proven effectiveness, is under attack by the present Administration. At this writing, key Administration officials have proposed to weaken the Executive Order by eliminating the affirmative action requirements, thereby gutting one of the important legal mechanisms for increasing employment opportunities for women.

INDUSTRIAL POLICY

A final factor affecting the high rate of unemployment and underemployment among women is the absence of a coherent industrial policy. Automation is displacing workers with machines and/or robots, jobs are moving overseas, leaving many workers with long histories of stable employment jobless, and the workplace itself is changing, inviting large numbers of people to work outside a traditional office or plant setting. While all of these revolutionary changes occur, there is no coordinated policy response, no comprehensive retraining programs, no long-range trade or industrial re-development policies to retain jobs in this country and to assure that tomorrow's workforce is prepared to step into the jobs of the future. The result is that women, as the most vulnerable workers, are harmed.

As this country shifts from a manufacturing to a service producing and information society, many of the industries most affected by this shift have heavy concentrations of women. For example, the textile industry — 62% female — has lost over 150,000 jobs in recent years. Furthermore, a recent Labor Department survey indicated that between 1979 and 1984, 1.8 million adult women who had been in jobs for three years or more were displaced by plant closings or related causes. Twenty-two percent of these women workers were unemployed at the time of the survey, and one-quarter dropped out of the labor force altogether. That proportion of displaced women workers who dropped out of the labor force was approximately two and a half times the dislocated male workers drop out rate. While 53% of the women workers obtained new jobs, many were earning less than at their old jobs. Overall, the study reported 45% of dislocated workers with new jobs earned less than they had previously.

The erosion of manufacturing industries has undermined the progress women had made during the 1970s in moving into non-traditional jobs in basic industries. For example, 12.2% of all Ford's hourly workers in 1978 were women, but 71% of those women had lost their jobs in 1982, when nearly half of all Ford hourly jobs were wiped out. In the auto industry as a whole, the unemployment rate for women is 30% compared to an 18% rate for men.

A corollary of these changes is the reduction of mid-level job opportunities — the step to economic security for many economically disadvantaged and low-income individuals. According to the BLS, the fastest growing occupations are service workers, janitors, cooks, fast-food and clerical workers — all low-paying occupations with little opportunity for advancement and high levels of instability. As entrants (or reentrants) into the labor market, low-skilled women workers will not have the same field of mid-level jobs to aspire to that workers in the past have had, but will instead be locked into low-wage dead-end jobs.

The implication of these trends for women is clear: industrial policy, including trade, tax and education and job training initiatives must be shaped to ensure that this country retains and produces enough jobs to enable all of its citizens, including the unemployed and underemployed, to secure gainful, productive employment, and to ensure that the work force, so many of whom will be women, is prepared to handle the jobs of tomorrow.

APPENDIX A

TWENTY HIGHEST METROPOLITAN AREAS UNEMPLOYMENT (%)

	Location	Annual Average 1979		August 1983 (most recent)	
		Official Rate	Real Rate	Official* Rate	Real** Rate
1.	McAllen-Edinburg-Mission, TX	13.0	20.4	20.5	36.9
2.	Lake Charles, LA	6.8	11.6	13.7	24.7
3.	Lakeland-Winter Haven, FL	9.8	16.7	13.6	24.5
4.	Beaumont-Port Arthur, TX	5.9	10.0	13.5	24.3
5.	Erie, PA	7.2	12.2	13.3	23.9
	Laredo, CA	10.7	18.2	13.3	23.9
	Wheeling, WV	6.4	10.9	13.3	23.9
6.	Brownsville-Harlingen, TX	8.5	14.5	13.0	23.5
7.	Modesto, CA	11.8	20.1	12.7	22.9
8.	Youngstown-Warren, OH	7.2	12.2	12.6	22.7
9.	Waterloo-Cedar Falls, IA	4.8	8.2	12.3	22.1
10.	Huntington-Ashland, WV	6.3	10.7	11.6	20.9
11.	New Orleans, LA	5.9	10.0	11.2	20.2
	Peoria, IL	5.4	9.2	11.2	20.2
12.	Kenosha, WI	5.2	8.8	11.0	19.8
	Stockton, CA	9.9	16.8	11.0	19.8
	Kankakee, IL	8.1	13.8	11.0	19.8
13.	Gary-Hammond, IN	6.6	11.2	10.8	19.4
	Davenport-Rock Island-Moline, IL	4.4	7.5	10.8	19.4
14.	Decatur, IL	7.9	14.2	10.7	19.3
	Johnstown, PA	8.9	15.1	10.7	19.3
15.	Bakersfield, CA	8.6	14.6	10.6	19.1
	Fresno, CA	8.0	13.6	10.6	19.1
	Galveston-Texas City, TX	5.2	8.8	10.6	19.1
16.	El Paso, TX	7.9	13.4	10.5	18.9
	Parkersburg-Marietta, WV	6.0	10.2	10.5	18.9
17.	Houma-Thibodaux, LA	N/A	N/A	10.3	18.5
18.	Las Cruces, NM	N/A	N/A	10.2	18.4
19.	Baton Rouge, LA	6.5	11.1	10.1	18.2
20.	Canton, OH	5.7	9.7	10.0	18.0
	Albany, GA	5.9	10.6	10.0	18.0

---

*/ SOURCE: Bureau of Labor Statistics.

**/ The real rate of unemployment takes into account the numbers of officially unemployed, part-time for economic reasons and discouraged workers. In August, the official unemployment rate was 7.0 percent, while the real jobless rate was 12.6 percent.

APPENDIX B

TWENTY LARGEST METROPOLITAN AREAS UNEMPLOYMENT (%)

	Location	Annual Average 1979		August 1985 (most recent)	
		Official Rate	Real Rate	Official* Rate	Real** Rate
1.	New York, NY	8.1	13.8	7.1	12.8
2.	Los Angeles-Long Beach, CA	5.5	9.4	7.1	12.8
3.	Chicago, IL	5.2	8.8	8.2	14.8
4.	Philadelphia, PA	6.9	11.7	5.7	10.3
5.	San Francisco, CA	5.6	9.5	5.4	9.7
6.	Detroit, MI	8.0	13.6	N/A	N/A
7.	Boston, MA	5.3	9.0	3.3	5.9
8.	Houston,TX	3.3	5.6	7.6	13.7
9.	Washington, D.C.	9.7	12.8	9.1	16.4
10.	Dallas, TX	3.6	6.1	4.9	8.8
11.	Miami-Hialeah, FL	6.3	10.7	6.7	12.1
12.	Cleveland, OH	5.0	8.5	8.4	15.1
13.	St. Louis, MO	5.4	9.2	7.5	13.5
14.	Atlanta, GA	4.6	7.8	5.5	9.9
15.	Pittsburgh, PA	5.9	10.0	8.5	15.3
16.	Baltimore, MD	6.6	11.2	5.0	9.0
17.	Minneapolis-St. Paul, MN	3.3	5.6	4.3	7.7
18.	Seattle, WA	5.3	9.0	6.0	10.8
19.	San Diego, CA	6.2	10.5	5.9	10.6
20.	Tampa-St. Petersburg-Clearwater, FL	5.4	9.2	4.7	8.5

---

*/SOURCE: Bureau of Labor Statistics.

**/ The real rate of unemployment takes into account the numbers of officially unemployed, part-time for economic reasons and discouraged workers. In August the official unemployment rate was 7.0 percent, while the real jobless rate was 12.6 percent.

APPENDIX C

STATE UNEMPLOYMENT RATES %

State	Annual Average 1979		August 1985 (Most Recent)	
	Official Rate	Real Rate	Official* Rate	Real** Rate
Alabama	7.1	12.1	8.3	14.9
Alaska	9.2	15.6	8.6	15.5
Arizona	5.1	8.8	6.8	12.2
Arkansas	6.2	10.5	8.4	15.1
California	6.2	10.5	7.3	13.1
Colorado	4.8	8.2	5.4	9.7
Connecticut	5.1	8.7	5.1	9.2
Delaware	8.0	13.6	6.7	12.1
District of Columbia	7.5	12.8	9.1	16.4
Florida	6.0	10.2	5.8	10.4
Georgia	5.1	8.7	6.9	12.4
Hawaii	6.3	10.7	5.6	10.1
Idaho	5.7	9.7	6.8	12.2
Illinois	5.5	9.4	8.8	15.8
Indiana	6.4	10.9	6.9	12.4
Iowa	4.1	7.0	6.9	12.4
Kansas	3.4	5.8	4.6	8.3
Kentucky	5.6	9.5	8.6	15.5
Louisiana	6.7	11.4	11.1	20.0
Maine	7.2	12.2	4.0	7.2
Maryland	5.9	10.0	4.3	7.7
Massachusetts	5.5	9.4	3.7	6.7
Michigan	7.8	13.5	9.7	17.5
Minnesota	4.2	7.1	5.1	9.2
Mississippi	5.8	9.9	10.5	18.9
Missouri	4.5	7.7	6.2	11.2
Montana	5.1	8.7	6.5	11.7
Nebraska	3.2	5.4	4.9	8.8
Nevada	5.1	8.7	7.7	13.9
New Hampshire	3.1	5.3	3.4	6.1
New Jersey	6.9	11.7	4.4	7.9
New Mexico	6.6	11.2	9.0	16.2
New York	7.1	12.1	6.1	11.0
North Carolina	4.8	8.2	5.8	10.4
North Dakota	3.7	6.3	4.9	8.8
Ohio	5.9	10.0	8.8	15.8
Oklahoma	3.4	5.8	6.4	11.5
Oregon	6.8	11.6	7.7	13.9
Pennsylvania	6.9	11.7	7.3	13.1
Rhode Island	6.6	11.2	4.2	7.6
South Carolina	5.0	8.5	6.6	11.9
South Dakota	3.5	5.6	4.3	7.7
Tennessee	5.8	9.9	8.1	14.6
Texas	4.2	7.1	7.0	12.6
Utah	4.3	7.3	5.1	9.2
Vermont	5.1	8.7	4.5	8.1
Virginia	4.7	8.0	5.3	9.5
Washington	6.8	11.6	7.2	13.0
West Virginia	6.7	11.4	12.4	22.3
Wisconsin	4.5	7.7	6.3	11.3
Wyoming	2.8	4.8	6.0	10.8

---

*/ Source: U.S. Department of Labor, Bureau of Labor Statistics.

**/ The real rate of unemployment takes into account the numbers of officially unemployed, part-time for economic reasons and discouraged workers. In August, the official unemployment rate was 7.0 percent, while the real jobless rate was 12.6 percent.

STATEMENT OF THE HONORABLE

NORMAN D. SHUMWAY

before the

SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION

COMMITTEE ON WAYS AND MEANS

MARCH 20, 1986

Mr. Chairman:

I appreciate this opportunity to express some of my thoughts on the critical issue of welfare reform, and commend you for initiating this timely and needed forum.

Without question, the need for extensive and substantive welfare reform is long overdue. Far too many of the problems which plague welfare participants are a direct result of the welfare system, including increased teen-age pregnancies, crime, and drug abuse; the break-down of family units, the vast majority of which are headed by women; a lack of education; unemployment; and a debilitating dependency which extends, in some cases, into third and fourth generations. As with all plagues, these problems, if left unresolved, threaten to bring about the demise of not only the program and its government-"physician," but more importantly, its participants.

It is not my purpose to recommend any one proposal for reform. However, I *am* urging that one factor be considered above all else during the Subcommittee's deliberation on welfare reform: that the goal of the welfare program be to bring people to a point of being able to care for themselves, and that while meeting basic needs, the equally important needs of self-respect and self-reliance be met as well.

It is tragic, but in our great zeal to help the needy of our nation, we have actually caused more harm than good. Millions of welfare recipients eat, but don't know how to feed themselves; they are clothed, but don't know how to clothe themselves; and they are sheltered, but don't know how to shelter themselves. This is because we have given benefits to fulfill the basic needs of hunger, clothing, and shelter, but have neglected to assure that recipients' need for self-reliance has been fulfilled by requiring them to incur any obligations in return for benefits received. In keeping with the time-proven adage that "You can't get something for nothing," recipients have instead paid for benefits with the loss of self-respect, self-reliance, and ultimately, their freedom. Additionally, family stability, employment and educational opportunities, etc. have been lost in this process of repression.

As amazing as it may seem, and in spite of the billions of dollars spent in the United States to feed, clothe and shelter the needy, we have neglected to teach welfare recipients the fundamental truth that rights are inseparably connected with responsibilities, and that in the absence of either, freedom is lost. By extending benefits without requiring commensurate responsibilities, we have sent the incorrect message that it is the government -- not individuals and families -- that is responsible for citizens' care and well-being. Welfare beneficiaries have been led to believe that welfare is not a privilege -- i.e., a mainstay in time of great need -- but rather a right or entitlement.

The tragic result of the government's well-intended but misdirected efforts is the creation of a people -- a welfare "subclass" -- who confirm the fears of President Franklin Delano Roosevelt when he remarked in 1935 that "continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber....<It is> a narcotic, a subtle destroyer of the human spirit."

In conclusion, as the government struggles to provide for its own, the lesson must be taught that (1) everything comes with a price, and (2) the goverment will exact the price of freedom. I commend for your consideration the suggestion of a former U.S. ambassador to Mexico, J. Reuben Clark, who was well-acquainted with the ills of dependency, to create "a system under which the curse of idleness <is> done away with, the evils of a dole abolished, and independence, industry, thrift and self respect...once more established...." Thus, whatever policy recommendations are adopted by this Subcommittee, I urge in the strongest terms that each center around the objective to help people help themselves. In my view, this is the only way the welfare program will succeed. And in the absence of such an approach, its failure is assured.

Testimony of the Honorable Arlan Stangeland before the Subcommittee on Public Assistance and Unemployment Compensation. (3-20-86)

Mr. Chairman, thank you for holding this hearing and inviting me to speak with you on the important subject of welfare reform.

I believe the general feeling across the nation, as well as in Congress, is that the current welfare system is not performing as we would wish. I genuinely feel that the average American is concerned that many in the United States have become dependent on welfare benefits and without incentive will remain on the public roll indefinitely.

To help correct this problem and provide fairness, I have introduced H.R. 471, legislation designed to require each state to establish a workfare program for those receiving benefits or assistance under the AFDC, food stamp and public housing programs. More than 20 states, including California and New York, already have workfare programs.

Studies show that workfare participants generally consider work for welfare "fair", and 75% or more actually "like" their jobs and expect to find better employment because of their workfare employment.

Let me stress that H.R. 471 exempts workfare requirements for those under the age of 18 or over 60, the disabled, someone responsible for the care of a small child (normally less than three) or someone regularly employed for at least 40 hours per week. Also, students and part-time employees will work fewer hours based on their particular situation.

It should be understood that workfare is not a partisan issue. In fact, about one-half the cosponsors of my bill are members of the Democratic Party. Also, at the state level most current workfare programs somewhat echo the California model which combine the job programs traditionally favored by liberals with efforts to pare the welfare rolls advocated by conservatives. While H.R. 471 establishes Federal guidelines as to whom must participate, the states have the ability to fashion their own program to fit the needs of their people.

You will probably be hearing from those who discount the effectiveness of workfare to teach recipients job skills and make them self-sufficient. If I may, let me give you one example of how the facts can be twisted to discredit this program.

On January 17, 1986 Gerald W. McEntee, International President for the American Federation of State, County and Municipal Employees testified before the Congressional Joint Economic Committee Symposium Panel on workfare. The AFSCME President told the symposium:

> "The Manpower Demonstration Research Corporation is now evaluating work and training programs for AFDC recipients in 8 states across the country. Their preliminary findings on the San Diego workfare program, for example, indicate that only 18% of the participants found regular jobs while in the program. They also found that **most of the workfare assignments did not result in skills improvement...**"

I have with me the Report of the Manpower Demonstration Research Corporation on San Diego printed March of 1985..

Let me read from page 14:

> "(M)ost of the jobs did not require or lead to a substantial improvement in specific skills because participants, for the most part, possessed these when they began their assignments. **However, the small number who lacked needed skills did acquire them during the EWEP (workfare) work experience.**"

Mr. Chairman, I mention this not to discredit Mr. McEntee or anyone in his organization. I only wanted to demonstrate how the figures and findings on this somewhat complex issue can be misrepresented.

Please fully consider the merits of my proposal. I think it is clear that workfare would eliminate waste and duplication as well as expose those who are abusing the system and stealing from the taxpayers. Also, workfare enhances the opportunity of the disadvantaged to receive work skills, dignity and self-sufficiency.